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Report of the Secretary-General

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Explanatory notes

References to dollars ($) are to United States dollars unless otherwise stated.

A full stop is used to indicate decimals.

A comma is used to distinguish thousands and millions.

The term "billion" signifies a thousand million.

The following symbols have been used in tables:

Two dots (..) indicate that data are not available or are not separately reported.

A dash (-) indicates that the amount is nil or negligible.

A blank indicates that the item is not applicable.

A minus sign before a figure (-2) denotes a deficit or decrease, except as otherwise indicated.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country or territory or of its authorities, or concerning the delimitation of its frontiers.

The term "country" as used in the text of this report also refers, as appropriate, to territories or areas.

For analytical purposes, the following country classification has been used:

Centrally planned economies:	China, Eastern Europe and the Union of Soviet Socialist Republics
Developed market economies:	North America, southern and western Europe (excluding Cyprus, Malta and Yugoslavia), Australia, Japan, New Zealand and South Africa
Developing countries:	Latin America and the Caribbean area, Africa (other than South Africa), Asia (excluding Japan) and Cyprus, Malta and Yugoslavia

The designation of country groups in the text and the tables are intended solely for statistical or analytical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

PREFACE

The present Addendum to the 1989 Report on the World Social Situation has been prepared in response to resolution 1989/72 of 24 May 1989 of the Economic and Social Council requesting the Secretary-General to provide the Council with an expanded version of that report. This request was subsequently affirmed by the General Assembly in its resolution 44/56 of 8 December 1989.

In accordance with paragraph 2 of Economic and Social Council resolution 1989/72, the present report includes four chapters. Chapter one presents an overview of the general trends in the main indicators of the social situation and standards of living world wide, particularly in developing countries, giving special attention to those cases, at the national and regional levels, in which there have been negative trends and low levels of per capita income during the 1980s. The second chapter presents an analysis of the relationship between trends in the world economy and trends in the social situation, including projections to the year 2000, with special attention to the developing countries. The third chapter consists of a discussion on the impact of structural adjustments and the external indebtedness of developing countries on the social situation. The last chapter brings together the individual conclusions of the previous chapters dealing with specific social problems in the overall context of the world economic and social situations. It will be noted that the discussion of some of the subjects covered here complements and/or updates their treatment in other reports, notably the 1989 Report on the World Social Situation, the World Economic Survey 1989 and the Overall Socio-Economic Perspective to the Year 2000.

The past decade has been marked by unprecedented change in the international economy. Rapid shifts in terms of trade and interest rates, brought about considerable gains for some countries and major losses for others. The room for manoeuvre in a large number of developing countries was sharply reduced, adversely affecting social development. After a protracted period of adjustment, policy makers still face critical choices as domestic socio-economic stability and sustainable international payments situations are yet to emerge.

It has become evident that the development process can be disrupted relatively easily, to the detriment of millions, by an adverse international environment. Within that context, however, one of the main lessons brought to the fore in the 1980s is that the economic and social dimensions of development are indivisible. It will therefore be necessary now and in the coming years to take a broader view of the development process in recognition of the fact that economic progress is not possible without a firm social basis. Policy attention should focus not only on growth in gross domestic product (GDP) per capita and its distribution but also on the human dimension of development and, in particular, on the realization of the full potential of human beings as the ultimate object of development, so as to provide better material living conditions and to liberate all members of society from the paralysing dependency bred by poverty.

I. AN OVERVIEW OF GENERAL TRENDS

1. This chapter is devoted to an overview of general trends in the main indicators of the social situation and standards of living world wide, particularly in developing countries, giving special attention to those cases, at the national and regional levels, in which there have been negative trends and low levels of per capita income during the 1980s. The focus is on the 1980s, with some comparisons with the 1970s and an occasional look at longer-term tendencies. The main indicators reviewed are output, consumption and investment per capita, the proportion of government expenditure on social services, literacy and levels of education, infant mortality, average life expectancy at birth and levels of nutrition.

A. Gross domestic product per capita

2. Over the long haul of the twentieth century (1900-1987), GDP per capita rose more than four-fold in all countries for which there were data (see table 1). Improvements were more rapid in the developed countries than in developing countries. Among developing countries, it was markedly better in Latin America (4.8 times) than in Asia (3.3 times). In the Union of Soviet Socialist Republics and the developed countries, the rate of growth of population, at 1.0 per cent and 0.9 per cent respectively, was substantially lower than in the developing countries. The more rapid growth in GDP per capita in the Latin American countries occurred despite a much higher rate of population growth (2.2 per cent) than in the Asian countries (1.3 per cent). However, during the second half of the century, the rate of growth of GDP per capita has been substantially higher in the Asian developing countries than in Latin America or the Union of Soviet Socialist Republics and the developed countries.

3. During the eight years beginning in 1981, gross world domestic product per capita grew by 3.0 per cent per year (table 2). In developed market economies, the GDP per capita increased by 2.6 per cent per year; in Eastern Europe and the Union of Soviet Socialist Republics the annual rate of growth of net material product per capita was 3.4 per cent; and in the developing countries GDP per capita grew by 2.5 per cent per annum. 1/

4. A somewhat different picture is obtained when the situation is viewed from the perspective of the population distributed by rates of growth. The 800 million living in developed market economies had an average increase in per capita GDP between 1981 and 1988 of 2.6 per cent per year. For the 400 million in Eastern Europe and the Soviet Union, the net material product per capita is estimated to have risen by 3.3 per cent per year. For the 3.8 billion living in developing countries, including China, on very different levels of income, the growth experience was one of great diversity; the average per capita output increased by about 2 per cent a year, but if China is excluded, the average rate of growth for the remaining 2.7 billion was only 0.2 per cent a year. The diversity is illustrated in table 3: about one third of the population in developing countries lived in countries with growth rates over 3 per cent, another third in countries where per capita output grew between 1 and 3 per cent, and one sixth in countries where it declined.

Table 1. Population and GDP growth 1900-1987

	Developed countries a/ (16)	Developing countries: Asia b/ (9)	Developing countries: Latin America c/ (6)	USSR	Total/ average
Population (million)					
1900	310	750	47	123	1 230
1980	580	1 128	122	180	2 010
1987	701	2 405	316	282	3 707
GDP per capita (at 1980 $ prices)					
1980	1 940	417	655	822	851
1980	3 350	388	1 320	2 336	1 474
1987	11 055	1 373	3 151	6 152	3 718
Rate of growth of GDP (annual average compound rate %)					
1900-50	2.4	0.7	3.4	2.9	2.1
1950-87	3.8	5.6	5.1	3.9	4.2
1900-87	3.0	2.7	4.1	3.3	3.0
Rate of growth of population (annual average compound rate %)					
1900-50	1.3	0.8	1.9	0.8	1.0
1950-87	0.5	2.1	2.6	1.2	1.7
1900-87	0.9	1.3	2.2	1.0	1.3
Rate of growth of GDP per capita (annual average compound rate %)					
1900-50	1.1	-0.1	1.4	2.1	1.1
1950-87	3.3	3.5	2.4	2.7	2.5
1900-87	2.0	1.4	1.8	2.3	1.7

Source: Angus Madison, The World Economy in the 20th Century, (Paris, OECD, 1989).

Note: For definition and methods of deriving data, see Angus Madison, op. cit.

a/ Australia, Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America.

b/ Bangladesh, China, India, Indonesia, Pakistan, Philippines, Republic of Korea, Taiwan Province of China, Thailand.

c/ Argentina, Brazil, Chile, Colombia, Mexico, Peru.

Table 2. Growth of population and output by region, 1981-1988

	Population 1985 (millions)	Population growth rate 1985-1990 (annual percentage)	Gross domestic product 1985 (billions of 1980 dollars)	Rate of change of gross domestic product (Annual percentage)				
				1981-1985	1986	1987	1988 a/	1981-1988
World	4 837	1.6	..	2.7	3.3	3.3	4.3	3.0
Developed market economies	789	0.6	7 640	2.2	2.7	3.0	4.1	2.6
North America	264	0.9	2 366	2.4	2.9	3.0	3.9	
Western Europe	353	0.2	3 467	1.5	2.6	2.6	3.5	
Developed Asia	121	0.5	1 060	3.6	2.5	4.0	5.4	
Centrally planned economies of Europe b/	394	0.8	..	3.7	4.2	2.6	4.1	3.3
Developing countries	2 595	2.3	2 217	1.5	2.9	2.7	3.3	2.5
Western hemisphere	405	2.2	822	1.0	3.6	2.5	0.7	
West Asia	108	3.2	343	-0.9	0.1	-1.3	1.4	
South and East Asia	1 486	1.9	606	4.8	5.5	5.5	9.4	
Africa	523	3.1	305	-0.9	-2.1	0.9	2.4	
Mediterranean	74	1.6	141	2.9	5.6	3.7	3.6	
China b/	1 060	1.2	..	9.4	7.4	9.3	11.4	9.3

Source: World Economic Survey 1989 (United Nations publication, Sales No. E.89.II.C.1), page 7.

a/ Preliminary estimates.

b/ Net material product; data for 1981-1988 are government estimates.

Table 3. Distribution of the population of developing countries in 1980 by rates of growth in GDP per capita 1981-1989

(percentages)

Income per capita in 1980	Rate of growth in GDP per capita 1981-1989					
	-2	-1.9 to 0	0 to 0.9	1 to 2.9	3+	Total
0 to 400	1.0	2.1	4.4	26.3	31.3 a/	65.1
400 to 1000	3.9	3.1	4.1	4.7	1.5	17.3
1000 to 2000	0.3	1.3	1.1	1.8	1.4	5.9
2000 to 3000	0.6	3.5	4.9	-	-	9.0
3000 +	1.4	1.0	0.1	-	0.3	2.8
Total	7.2	10.8	14.6	32.9	34.5	100.0

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

a/ Includes China.

5. The populations of developing countries (including China) grew from 3.3 billion in 1980 to 4.1 billion in 1990, an increase of almost one quarter. While growth was slowing somewhat in South and East Asia and in Latin America, it accelerated in West Asia and Africa, especially in the poorest countries. In many of them the population at the end of the decade had increased by one third. This relentless demographic pressure, when combined with economic adversity, compounded the difficulties of maintaining or improving social welfare and raised with new urgency the need to counter unsustainable population growth.

6. Data on GDP per capita in a large number of developing countries during the last two decades are shown in tables 4 and 5. Table 4 contains data on 26 countries where GDP per capita in 1980 dollars in both 1981 and 1988 was lower than in 1971. Seven countries were petroleum exporters and, of the 19 other countries, 5 were from Latin America and the Caribbean and 14 from Africa.

7. Table 5 contains a list of 27 other countries where GDP per capita in 1988 was lower than in 1981, after having risen between 1971 and 1981. In eleven of them, GDP per capita in 1988 was also lower than in 1971. Of the 27, 13 were in

Table 4. Gross domestic product per capita ($1980), 1971, 1981, 1988

	1971	1981	1988
Net energy exporters			
Iran (Islamic Republic of)	2 913	2 524	2 276
Iraq	2 446	1 453	1 286 a/
Kuwait	30 159	15 170	11 259
Nigeria	895	894	604 a/
Qatar	29 205	25 575	14 770 a/
United Arab Emirates	29 378	26 754	18 374
Venezuela	3 858	3 786	3 245
Other			
Argentina	5 293	4 986	4 384
El Salvador	780	712	644
Ethiopia	137	115	105
Ghana	1 675	1 322	1 264
Guyana	725	667	519 a/
Jamaica	1 547	1 261	1 151
Liberia	675	459	255
Madagascar	449	331	285 a/
Mali	260	192	174
Nicaragua	1 014	768	557
Niger	496	464	366 a/
Senegal	604	502	529 a/
Somalia	345	249	242 a/
Sudan	445	446	353 a/
Togo	489	409	344
Uganda	369	234	265
Zaire	285	236	215
Zambia	757	683	535
Zimbabwe	831	818	778

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

a/ 1987.

Table 5. Gross domestic product per capita ($1980), 1971, 1981, 1988

	1971	1981	1988
Net energy exporters			
Algeria	1 332	2 223	1 681 a/
Bolivia	768	914	677
Congo	946	1 246	1 118 a/
Ecuador	865	1 457	1 330
Egypt	371	583	569
Gabon	2 561	3 945	3 104 a/
Mexico	1 951	2 832	2 432
Peru	920	1 007	830
Saudi Arabia	7 350	12 506	6 267
Syrian Arab Republic	902	1 616	1 514
Trinidad and Tobago	4 091	5 911	3 510
Other			
Burkina Faso	196	242	166
Costa Rica	1 639	2 077	1 935 a/
Côte d'Ivoire	1 051	1 254	932 a/
Dominican Republic	895	1 234	1 170
Guatemala	887	1 119	913
Haiti	229	265	230
Honduras	606	658	588
Jordan	740	1 223	1 137 a/
Kenya	361	425	383
Libyan Arab Jamahiriya	8 114	9 570	5 119 a/
Panama	1 730	1 908	1 457
Paraguay	869	1 487	1 385
Philippines	539	741	674
Sierra Leone	374	392	362 a/
United Republic of Tanzania	243	255	237
Uruguay	2 722	3 499	3 136

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

a/ 1987.

the Latin America and the Caribbean region, 10 in Africa, 3 in West Asia and 1 in Asia and the Pacific.

8. Among the countries shown in tables 4 and 5, the average level of output per capita was lower in 1988 than in 1971 in 37; in 16 others the average level was lower in 1988 than in 1981. Altogether, then, there were 53 developing countries where the level of output per capita was lower in 1988 than at the beginning of this decade.

9. Populations whose output per capita continued to grow during the decade of the 1980s include those of China, India, Indonesia and Pakistan, where GDP per capita in 1980 was less than $410. Living conditions in some of the poorer countries thus improved substantially during the decade. Output per capita fell in, among other countries, Burkina Faso, Ethiopia, Mali, Somalia, the United Republic of Tanzania, Uganda and Zaire; so living conditions in some other poorest societies worsened. The population in this group, some 800 million, was about the same as that of the developed market economy countries.

10. The preceding information relating to improvement and deterioration in per capita output is not sufficient to estimate the proportion of the world population whose standards of living improved or deteriorated, since the average level in a country may rise while that of a sizeable part of the population falls. Such estimates must wait until studies of changes in the distribution of income within countries become available. A crude estimate is that in the mid-1980s about 950 million people lived in absolute poverty world wide, with about 500 million in Asia, primarily in India, China and Bangladesh, 280 million in sub-Saharan Africa, 85 million in North Africa, and 80 million in Latin America. 2/

11. GDP per capita as a measure of the standard of living, as is well known, suffers from many shortcomings, of which a few need to be mentioned explicitly. First, GDP, while being a good index of changes in output, is not all available for use by the population of a country. Part of it may be paid abroad to compensate for the contribution of factors of production which do not form part of the domestic economy. As interest payments abroad from many developing countries have been high and rising during the 1980s, GDP per capita may overstate improvements in standard of living over time. Secondly, the estimates do not take account of the loss (gain) of income power in an economy due to a deterioration (improvement) in international terms of trade. As there has been a loss in the purchasing power of commodities exported by many developing countries during the 1980s, the reduction in standards of living has been greater than those indicated in tables 4 and 5. From 1981 to 1988 commodity terms of trade of all developing countries fell by 3.1 per cent per annum while the volume of exports increased by 2.2 per cent per annum, so that the effect on incomes was negative. 3/ Some economies experienced a greater loss of income than others, depending upon the composition of their exports and imports. The most pronounced loss of income from this source was experienced by net energy exporting countries. Other developing countries gained. China, whose volume of exports increased by 12.7 per cent per annum and whose commodity terms of trade rose by 11 per cent per annum from 1981 to 1988, gained substantially. In an attempt to make up for some of these shortcomings of the GDP measure, other indicators of living standards are discussed in the rest of this chapter.

B. Consumption and investment per capita

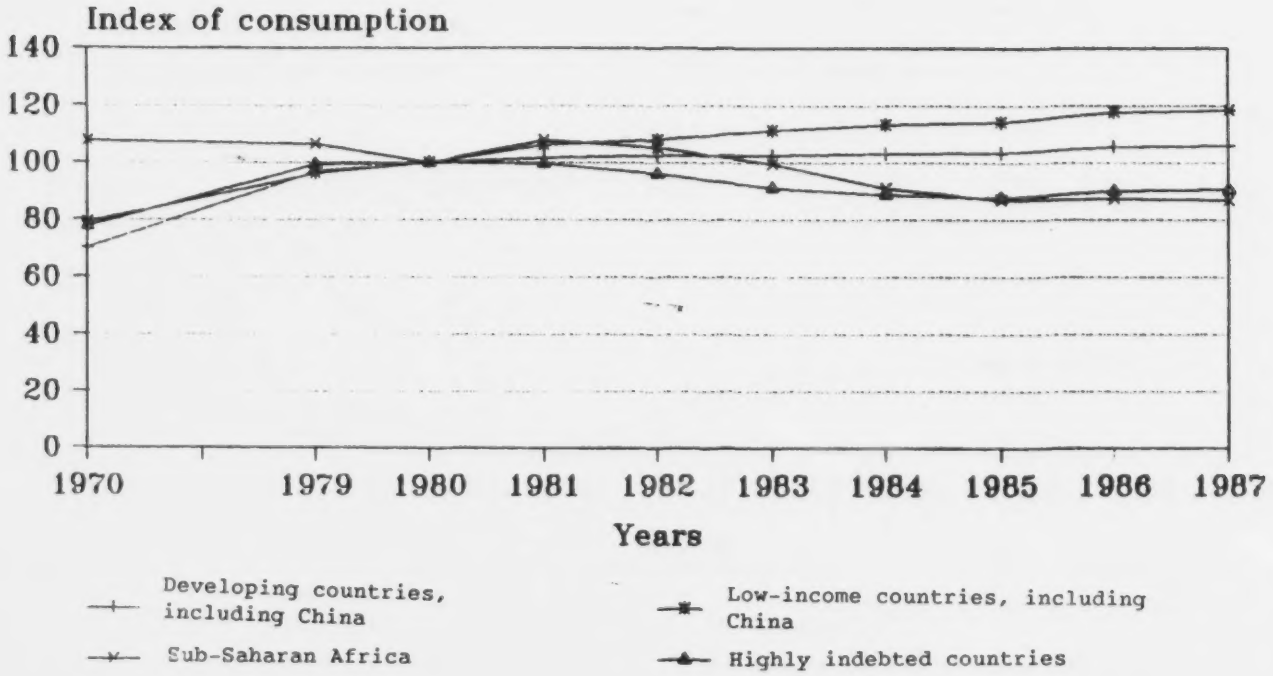
12. Indices of changes in consumption in real terms in the period 1970-1987 in developing countries are shown in figure I. Growth in consumption per capita in developing countries in general slowed during the 1980s to 1 per cent per annum from 2.5 per cent per annum during the 1970s. The slowdown was mainly due to a decline in consumption per capita in sub-Saharan Africa and slow growth in highly indebted developing countries. In sub-Saharan Africa consumption per capita in 1987 was 21 per cent lower than in 1970 and 14 per cent lower than in 1980. In the highly indebted countries, per capita consumption was 91 per cent higher in 1987 than in 1970, but 10 per cent lower in 1987 than in 1980. In low-income countries, including China, the rise in consumption was well sustained over the two periods.

13. Between 1970 and 1980 investment per capita almost doubled in developing countries, including China, increasing at a much faster pace than private consumption per capita (see figure II), but the increase in 1980-1987 was only 6 per cent. In sub-Saharan Africa and the highly indebted countries, there was a sharp drop of 50 per cent and 40 per cent respectively.

14. These figures refer to gross investment. Net investment, that is to say additions to capital stock, must take into account the depreciation of existing capital and is therefore much lower. When gross investment is reduced so sharply, as in this case, net investment will be low or even negative, and maintenance is likely to be seriously neglected, as accounts from Africa and Latin America in the late 1980s do indeed suggest.

Figure I. Consumption expenditure per capita in constant prices, 1970-1987

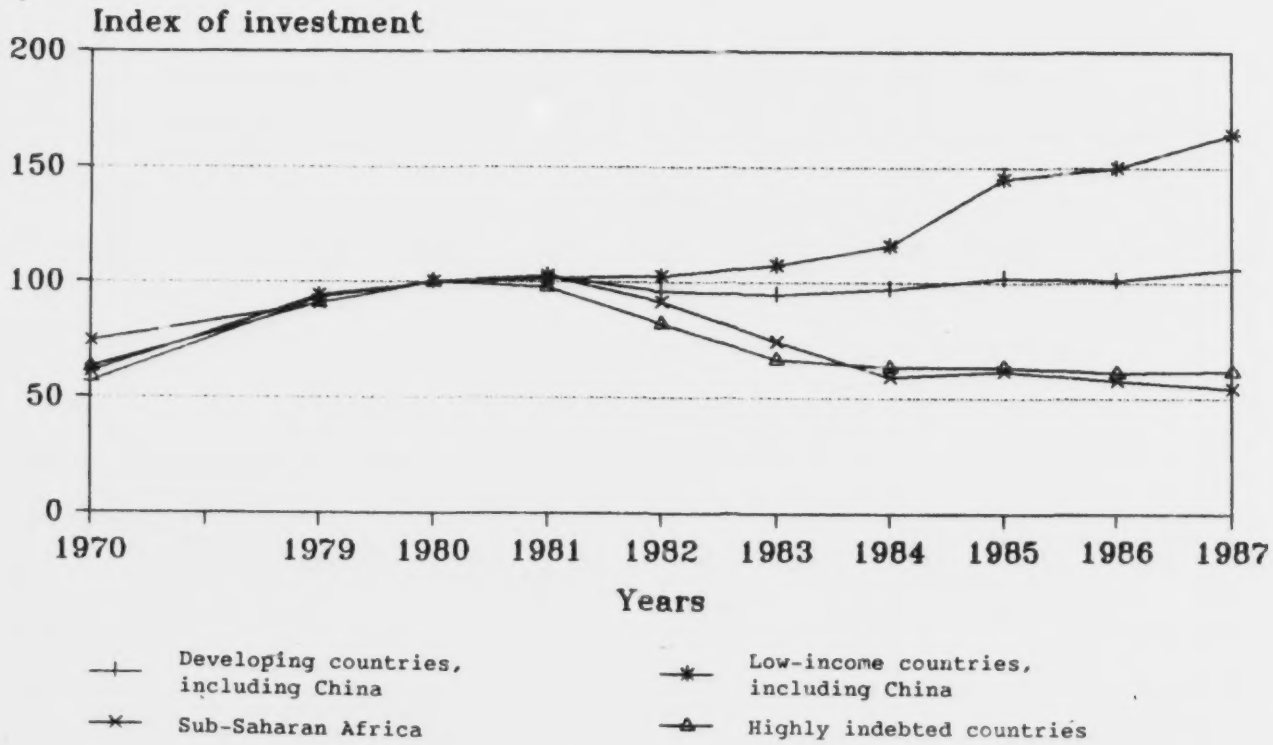
(1980=100)



Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

Figure II. Investment per capita 1970-1987 in constant prices

(1980=100)



Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

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C. Participation in the labour force

15. Changes in participation in the labour force by those in the age groups 10-14 and 15-19 are shown in tables 6 and 7. Very considerable progress was made between 1970 and 1980 in reducing the participation in the labour force of children under 15, and in developing countries the rate of decrease accelerated in the 1980s as compared to the 1970s. Child labour tends to diminish with economic advance: it has been virtually eliminated in the developed market economies and in Eastern Europe and the Soviet Union and, to a lesser extent, in Latin America and the Caribbean. In Asia, where the rate of economic growth was considerably higher than in Africa, the rate of reduction in under-15 employment was more rapid. In all regions, rates of labour force participation by boys were higher than those by girls.

16. Labour force participation for males and females between 15 and 19 years of age has also declined over time, but at a slower rate than for children under 15. This fall over time reflects the spread of educational opportunites in this age group. Again, rates for female participation were lower than for men in most regions and in sub-Saharan Africa and Latin America and the Caribbean quite markedly so.

Table 6. Labour force participation by females under 20, 1970 to 1990

(percentages)

	1970	1980	1990	Percentage change 1970-1980	Percentage change 1980-1990
World					
10-14	17.4	15.6	10.2	-10.3	-34.8
15-19	45.7	43.8	40.1	-4.1	-8.5
Developing countries					
10-14	22.6	19.1	12.3	-15.4	-35.7
15-19	47.5	45.8	41.3	-3.6	-9.7
Sub-Saharan Africa					
10-14	30.4	28.3	20.7	-6.9	-26.7
15-19	54.7	51.0	47.0	-6.7	-8.0
Latin America and the Caribbean					
10-14	5.9	4.9	2.2	-17.1	-55.7
15-19	23.7	25.2	23.2	6.3	-7.9
Asia					
10-14	16.8	12.7	8.3	-24.0	-34.7
15-19	33.0	30.0	27.2	-9.4	-9.2
East Asia					
10-14	4.7	2.9	0.9	-38.0	-69.4
15-19	46.9	39.2	36.8	-16.3	-6.2
China					
10-14	38.0	31.0	22.3	-18.4	-28.2
15-19	75.4	78.6	71.4	4.2	-9.2
Developed market economies					
10-14	1.7	0.3	0.1	-82.0	-72.5
15-19	41.2	38.2	35.6	-7.4	-6.7
Eastern Europe and USSR					
10-14	0.2	0.1	0	-78.5	-74.7
15-19	38.5	35.5	32.8	-7.9	-7.4

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

Table 7. Labour force participation by males under 20, 1970 to 1990

(percentages)

	1970	1980	1990	Percentage change 1970-1980	Percentage change 1980-1990
World					
10-14	23.8	19.6	14.8	-17.5	-24.7
15-19	64.7	59.1	57.1	-8.7	-3.4
Developing countries					
10-14	30.7	24.0	17.8	-21.8	-25.8
15-19	70.0	63.4	60.5	-9.4	-4.6
Sub-Saharan Africa					
10-14	45.0	42.1	33.7	-6.4	-10.0
15-19	75.0	71.2	68.5	-5.1	-1.9
Latin America and the Caribbean					
10-14	15.8	12.9	7.0	-18.7	-45.5
15-19	60.8	54.7	51.2	-10.1	-6.4
Asia					
10-14	26.1	18.6	13.7	-29.0	-26.2
15-19	64.2	57.2	54.6	-11.0	-4.5
East Asia					
10-14	11.2	5.4	2.2	-52.2	-59.0
15-19	50.1	35.7	34.5	-28.7	-3.2
China					
10-14	40.0	30.0	23.9	-25.0	-20.5
15-19	80.3	74.7	71.8	-7.0	-3.9
Developed market economies					
10-14	2.9	0.4	0.2	-	-
15-19	50.9	45.4	42.6	-10.9	-6.1
Eastern Europe and USSR					
10-14	0.2	0	0	-	-
15-19	45.0	41.0	38.8	-8.9	-2.5

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

D. Literacy and education

17. Levels of literacy and education are important indicators of social development as well as of economic progress. Over the long term there has been great success in rapidly raising school enrolment, expecially at the primary level, and in reducing illiteracy. 4/ Table 8 shows student enrolment at levels I, II and III of education in both developed and developing countries between 1950 and 1986. In developed countries, the total number of students enrolled at level I rose between 1950 and 1981 and fell between 1981 and 1986, because of a decline in fertility and the number of children in the population. In contrast, in developing countries, the numbers enrolled rose steadily between 1950 and 1986. Total enrolment rose nearly 7 times, at the primary level more than 5 times, at the secondary level 19 times, and at the tertiary level 27 times.

18. As shown in table 9, between 1981 and 1986 net enrolment increased in most developing countries for which there are data; the exceptions are Cape Verde, Costa Rica, Iraq, Kuwait, Mauritius and Nicaragua. Progress was most marked in Botswana and the Gambia. Net enrolment rates among boys was less than 50 per cent in 1986 in Burkina Faso and Burundi. In some instances low enrolment ratios are due to a lack of resources, schools, equipment and teachers. In other instances, poverty keeps children from going to school either because they do not have the wherewithal or because they participate in the work of the family. In still other instances, a lack of physical infrastructure such as roads and transport facilities keeps children in isolated areas from attending school. Finally, in a number of countries cultural factors inhibit children, especially girls, from enrolling in school.

19. Education is organized in many different ways, sometimes financed wholly by central Governments, sometimes largely by local governments, and sometimes there is a large private sector component. Consequently, the proportion of government expenditure on education does not allow for meaningful comparisons between countries. Nevertheless, changes in the share of public expenditure on education in total budgets may indicate political priorities. There was a marked drop in that share in Latin America and the Caribbean. In Mexico, the proportion of central government expenditure on education fell from 18 per cent in 1981 to 9 per cent in 1986. In Asia, the situation was generally the reverse.

20. However, real public current expenditure on education per student at all levels should be a better indication of what happened to education in the 1980s. Table 10 shows some surprising differences among developing regions, which are difficult to account for. Thus, expenditure per student in sub-Saharan Africa is reported as being many times higher than in South Asia, and expenditure on the third level of education as by far the highest in the developing world. However, for the present purposes it is enough to note that in the two regions especially affected by economic difficulties in the 1980s - sub-Saharan Africa and Latin America - expenditure per student declined in all categories, whereas everywhere else it tended to increase for the first and second level, sometimes significantly. The cuts in expenditure resulted more in a fall in the level and quality of educational facilities than a drop in the number of teachers and enrolment. Less was spent on the maintenance of schools and the supply of teaching material, including textbooks.

Table 8. Students enrolled at each level of education in 1950, 1981, 1986

	Million			Index (1950 = 100)		Annual percentage growth rate	
	1950	1981	1986	1981	1986	1950-1981	1981-1986
Developed countries							
Level I	112	120	105	107	94	0.2	-2.6
Level II	31	87	87	281	281	3.4	0.0
Level III	5.4	30	31	556	574	5.7	0.7
Total	148	237	223	160	151	1.5	-1.2
Developing countries							
Level I	80-90	456	480	535	567	5.6	1.0
Level II	10	153	192	1 530	1 920	9.2	4.6
Level III	1	18	27	1 800	2 700	9.8	8.4
Total	90-100	627	699	670	736	6.3	2.2
World							
Level I	200	576	585	288	293	3.5	0.3
Level II	41	240	279	585	680	5.9	3.1
Level III	6.4	49	58	766	906	6.8	3.4
Total	250	865	922	346	369	4.1	1.3

Source: United Nations Educational, Scientific and Cultural Organization (UNESCO), Statistical Yearbook 1988.

Table 9. Net enrolment ratio

	1980		1986	
	Male	Female	Male	Female
Algeria	89	64	96	80
Botswana	68	82	85	93
Burkina Faso	22	13	38	22
Burundi	26	17	46	37
Cape Verde	91	86	90	86
Gambia	65	35	84	53
Mauritius	92	93	91	92
Morocco	71	45	75	50
Mozambique	39	34	52	44
Rwanda	62	57	65	63
Tunisia	92	73	100	90
Costa Rica	89	91	87	88
Cuba	98	97	95	94
Nicaragua	73	75	72	77
Panama	88	89	90	89
Paraguay	88	85	86	84
Bahrain	84	76	95	93
Indonesia	93	83	100	97
Iraq	100	95	92	81
Kuwait	89	80	81	80
Oman	62	37	84	76
Philippines	94	94	95	94
Qatar	90	84	100	100
Saudi Arabia	62	37	64	48
Syrian Arab Republic	100	81	100	95
United Arab Emirates	75	78	87	89

Source: UNESCO, Statistical Yearbook 1988, table 3.2.

Note: The net enrolment ratio is the proportion of students in a given age group enrolled in classes corresponding to that age group; thus it cannot exceed 100 per cent. In contrast, the gross enrolment ratio relates all students, irrespective of age, enrolled in classes corresponding to that age group and may exceed 100 per cent.

Table 10. Public current expenditure per student

(1980 dollars)

	First level		Second level		Third level	
	1980	1985	1980	1985	1980	1985
World total a/	179	191	523	549	2 859	2 792
Developing countries	95	92	168	154	771	641
North Africa	166	178	610	424	982	998
Sub-Saharan Africa a/	63	62	210	198	2 915	1 940
South Asia	20	31	40	63	128	220
East Asia (newly industrialized countries)	200	360	211	325	514	473
Other East Asia	68	94	103	125	197	170
West Asia	369	200	737	456	2 652	1 861
Western hemisphere	187	171	229	176	1 439	1 132
China	10	17	27	51	914	1 144
Least developed countries	27	30	92	89	807	343
Developed market economy countries	1 239	1 469	2 156	2 480	4 282	4 710
Eastern Europe and USSR	714	768	617	617	3 177	3 546

Source: United Nations World Population Trends and Policies: 1989 Monitoring Report (ESA/P/WP.107) 1989, p. 463.

Note: Country group expenditures are averages of the individual country expenditures weighted by the number of students at the respective levels.

a/ Excluding Nigeria.

21. High rates of literacy and enrolment at the first level depend very much on the priority given by Governments to those objectives. As shown in table 11, in general some 40 per cent of government current expenditure on education in developing countries was spent on first level education. The departures from this average are instructive. The Philippines and Thailand, in which literacy rates are very high, spend some 60 per cent on first level education. China, where the corresponding proportion was 29 per cent, and Cuba, where it was 21 per cent, achieved even better results. At the same time, Bangladesh and Haiti, where literacy rates are low, allocated more than half their total current expenditure on education to the first level. Evidently, there are substantial differences among countries as to the effectiveness with which resources have been used in this sector.

22. These changes in expenditure patterns in the 1980s should be seen against the background of pervasive inadequacies in educational facilities in low-income developing countries, and those open to low-income people in other countries. Inadequate school buildings, the lack of textbooks, even in teachers' colleges, and malnutrition and poor health in children, are widespread obstacles to education. It is estimated that educational attainments requiring one year of schooling in an industrial country tend to require three or four years of schooling in a developing country. 5/ Even though children in India spent more time in school than children of the same age in the industrialized countries, they achieved only 48 per cent as much in reading and 50 per cent in science. In the least developed countries, the situation is especially grave. In Bangladesh only one of five students entering primary schools emerges literate. In rural Mali, there are only 6 textbooks per 100 students, and 7 out of 20 schools have no books at all. 6/

23. Considering that the education of the next generation is probably the most decisive contribution to long-term development in any society, it must be recognized that the present crisis of education in many parts of the developing world threatens to perpetuate underdevelopment.

24. Levels of illiteracy in the mid-1980s are shown in table 12. Illiteracy is well above 50 per cent in a large number of countries in Africa. In contrast, in the Latin American region, only in Haiti is the illiteracy rate higher than 50 per cent. In Asia and the Pacific (including West Asia), in large countries such as Bangladesh, India and Pakistan, the illiterate population exceeds 50 per cent of the total.

Table 11. Distribution of government current expenditure by level of education in 1985

Countries	First level	Second level	Third level	Other	Undistributed
Botswana a/	43.2	34.2	9.3	0.9	12.4
Guinea a/	30.8	36.9	23.5	0.3	8.5
Lesotho a/	39.1	32.7	22.3	-	5.9
Madagascar	42.3	26.5	27.2	-	3.9
Mali	44.4	21.5	20.1	1.8	12.1
Mauritius	45.1	37.6	5.6	3.4	8.3
United Republic of Tanzania	54.9	20.8	14.4	3.7	6.2
Zambia a/	44.2	36.0	12.1	0.3	7.3
Costa Rica	35.1	22.3	41.4	1.2	-
Cuba	20.7	42.0	12.9	10.2	8.7
Dominican Republic	46.6	19.7	20.8	7.7	4.5
Haiti	51.0	18.1	10.8	7.7	12.4
Honduras	49.1	16.7	21.3	0.7	12.3
Jamaica	29.9	34.0	19.4	2.4	12.3
Nicaragua	43.3	16.7	23.2	5.0	9.5
Trinidad and Tobago	47.5	36.8	8.9	-	6.8
Chile	51.0	19.5	20.3	-	3.2
Ecuador	45.5 b/	35.8	17.8	0.9	-
Paraguay	36.6	29.7	23.8	2.8	7.1
Uruguay	37.7 b/	28.4	22.4	2.3	9.2
Bangladesh	51.0	37.1	10.1	0.8	1.0
China	28.6	33.2	21.8	9.5	6.0
Iran (Islamic Republic of)	40.9	37.9	10.7	2.2	7.2
Pakistan	40.2 b/	26.0	24.4 c/		9.5 d/
Philippines	63.9	10.1	22.5	0.0	3.5
Republic of Korea	46.7	36.7	10.9	0.6	4.8
Syrian Arab Republic	38.4	25.3	33.6	0.2	2.4
Thailand	58.4 b/	21.1	13.2	2.2	5.1
Tonga	44.7	30.9	17.9	-	6.5
Turkey	45.9 b/	22.4	23.9	3.3	4.5
Finland	30.8	41.6	18.7	8.4	0.5
France a/	20.6	41.2	12.3	10.6	6.1
Greece a/	30.3	40.7	22.3	1.2	-
Netherlands a/	16.6	35.9	26.6	8.6	7.1
Portugal	49.8	30.6	12.7	1.6	4.1
Switzerland	73.6 e/	...	18.1	2.9	2.3
United Kingdom a/	21.7	40.7	21.4	13.6 f/	
New Zealand	36.9	28.5	28.3	2.2	2.7

(Source and footnotes on following page)

/...

(Source and footnotes to table 11)

Source: IMF Government Finance Statistics Yearbook, 1988.

a/ 1984.

b/ Includes preprimary.

c/ Includes vocational as well as third level.

d/ Includes other types.

e/ Includes total of second level.

f/ Includes undistributed.

Table 12. Distribution of developing countries according to percentage illiterate in population 15 years and above, 1980-1985

Region	Below 10%	10-19%	20-29%	30-39%	40-49%	50-59%	60-69%	70-79%	80-89%	90% and above
AFRICA				Congo Ethiopia	Sao Tome and Principe	Angola Algeria Cape Verde Comoros	Burundi Equatorial Guinea Togo	Mozambique		
CENTRAL AMERICA AND SOUTH AMERICA	Argentina Cuba Trinidad and Tobago Chile Costa Rica Mexico	Colombia Ecuador Paraguay Panama Peru Venezuela Suriname	Brazil	Dominican Republic El Salvador	Honduras Guatemala		Haiti			
ASIA AND THE PACIFIC		Singapore Sri Lanka Thailand Philippines Lao People's Republic	Brunei	China Indonesia Malaysia		India		Bangladesh Nepal Pakistan		
WEST ASIA		Iraq	Bahrain	Kuwait	Qatar Saudi Arabia					

Source: Department of International Economic and Social Affairs, based on UNESCO, Statistical Yearbook 1988.

E. Health

25. The third important indicator of the social situation examined in this chapter is the infant mortality rate, which measures the number of live born infants per 1,000 who do not survive one year (see tables 14 and 15). It is a sensitive indicator of health conditions, as it depends on the nutrition of the mother and on sanitary and living conditions, including the availability of safe drinking water and health care facilities.

26. As late as 1900, infant mortality rates in industrialized countries were generally much higher than they are in developing countries today, but in the course of this century they have declined very sharply (table 13). In developing countries, this decline started much later, but it is very pronounced, and their infant mortality rates in the late 1980s are less than half of what they were in the 1950s (table 14).

27. In the late 1980s, the economic difficulties experienced by countries smarting under historically low commodity prices (in real terms) or under exceptional debt service burdens have undoubtedly produced great social hardships. The United Nations Children's Fund (UNICEF) reports "fragmentary evidence" of rising infant mortality rates and low birthweight in parts of Latin America and in Africa south of the Sahara. 7/ So far, however, these have not been reflected in officially reported infant mortality rates. It also should be recognized that crisis conditions tend to mobilize survival strategies of unexpected strength, and with little knowledge of infra-family allocation of resources in times of distress, it would be unwise to extrapolate sharp increases in infant mortality rates.

28. Another indicator of social conditions in developing countries is the high maternal mortality rate. Half a million deaths related to pregnancy and birth are estimated to take place each year, with 99 per cent of them occurring in developing countries. 8/ In general, rates of maternal mortality in developing countries are 60 times greater than the lowest rates achieved in developed countries. Even in Latin America, the rate was nine times greater than the worst rates achieved in the developed countries (see table 15).

29. The overall health situation in developing countries is also reflected in figures for life expectancy, which are given in table 16. While the average life expectancy at birth is much higher in developed countries than in developing countries, there has been sustained progress in developing countries over the years 1970 to 1985. The figures for 1985-1990 are estimates based on the best information available at the time of making the projections. In view of the fall in levels of nutrition in sub-Saharan Africa during the decade, it is questionable whether the projected improvements will be realized.

Table 13. Infant mortality rates in Europe, 1750-1987

	Austria	Germany	Ireland	Netherlands	Norway	Spain	Sweden
1750	..	..	..	..	..	..	186
1800	190	..	..	..	..	..	240
1850	251	297	98	169	102	175	146
1900	231	207	109	155	91	204	99
1950	66	55	46	25	28	64	21
1987	10	8	7	8	8	10	6

Source: B. R. Mitchell, European Historical Statistics 1750-1970, Columbia University Press, New York, 1976, and World Bank, World Development Report 1989.

Table 14. Infant mortality rates (per 1,000) 1950-1990

	1950-1955	1965-1970	1975-1980	1980-1985	1985-1990
World	155	103	86	79	71
Developing countries	180	117	97	89	79
Sub-Saharan Africa	190	156	131	123	113
Latin America	126	91	70	63	56
Asia	178	132	114	100	91
China	195	81	41	39	32
Least developed countries	191	166	140	133	123
Developed countries	56	26	19	16	15
Japan	51	16	9	7	5
United States	28	22	14	11	10
Union of Soviet Socialist Republics	73	26	28	26	24

Source: World Population Prospects (United Nations publication, Sales No. E.88.XIII.7).

Table 15. Maternal mortality rates, mid-1980s

(per 100,000 live births)

Africa	640
Asia	420
Latin America	270
Developed countries	10-30

Source: WHO World Health Statistics Annual, 1988, WHO, 1988, pp. 11-13.

Table 16. Estimates of life expectancy

Region	Average life expectancy at birth (years)			
	1970-1975	1975-1980	1980-1985	1985-1990
World total	56.7	58.1	59.6	61.5
Developing countries	54.2	55.8	57.6	59.7
Africa	46.1	48.1	49.9	51.9
Asia	55.8	57.5	59.3	61.7
Latin America and Caribbean	60.9	62.8	64.5	66.0
Developed market and centrally planned economies	70.9	71.7	72.3	73.4

Source: World Population Prospects, 1988 (United Nations publication, Sales No. E.88.XIII.7).

30. There now exist economically feasible solutions to most of the health and nutrition problems that afflict many millions of people in the poor countries. The basic ingredients of primary health care would include: a simple pregnancy management programme; oral rehydration therapy to cure digestive tract infections, and improved water supply, sanitation and health education to prevent them; immunization against the six major communicable diseases; and an essential drug programme covering some 15-20 basic products. 9/ The per capita costs of these essential measures are relatively low. The cost of providing prenatal care and basic health and family planning services at the community and first-referral levels in developing countries, which would halve the number of maternal deaths within a decade, is estimated to be $2 per head per year. 10/ The cost of providing vaccine doses against the six main vaccine-preventable diseases is approximately $1.20 per child. The per capita cost of 15 essential drugs needed at the village health-post level is some $0.50-0.60 per year, and an episode of diarrhoea can be treated with oral rehydration salts available commercially at $0.15-0.20. The cost of combating micronutrient deficiencies is similarly low: vitamin A capsules cost $0.19; the cost per person of iodizing salt is $0.05; and that of iron fortifications of salt or centrally processed grains is $0.05-0.09. 11/

31. In spite of the relatively low costs, resource constraints have prevented many developing countries from committing extra resources to health care. A recent survey of 57 developing countries indicates that real expenditure per capita on health services declined between 1979 and 1983/84 in many countries. 12/ That the modest resources needed for effective primary health care cannot be put together in many developing countries demonstrates both the penury of resources and the inadequate priority attached to this objective.

F. Nutrition

32. A major factor determining health conditions is nutrition. Despite the spectacular advances in agricultural science and technology, which provide the potential to end hunger and malnutrition world-wide, over 500 million people still suffer from severe malnutrition. 13/ Table 17 gives a regional breakdown of the numbers and prevalence of malnutrition. Outside China, about 344 million people in developing countries were reported to suffer from malnourishment in 1983-1985. As a percentage of the total population, the figures show an improvement in most regions, with the notable exception of sub-Saharan Africa, where over one person in four was malnourished in mid-1985.

Table 17. Number and prevalence a/ of malnourished people

(millions)

	1979-1981	1983-1985
Developing countries (excluding China)	320	344
Sub-Saharan Africa	80 (22)	100 (26)
South Asia	170 (18)	170 (17)
South-East Asia	25 (10)	25 (8)
Central America	12 (12)	12 (11)
South America	24 (9)	30 (9)
Near East/North Africa	9 (6)	7 (5)

Source: United Nations, ACC Sub-Committee on Nutrution, First Report on the World Nutrition Situation, 1987, pp. 9, 17, 19, 21, 25, 29.

a/ Figures in parentheses show the percentage of the population suffering from malnutriton.

33. By the mid-1980s, it was becoming increasingly apparent that, in marked contrast to the 1970s, malnutrition was increasing in many countries. The situation was especially grave in Africa. The long-term downward trends in per capita food production were exacerbated by natural calamities, military conflicts and unfavourable international developments. Even with increased food aid and imports the average per capita dietary energy supply (DES) in Africa fell from 2,150 calories per day in 1978-1981 to 2,050 calories per day in 1983-1985. 14/ The figures in specific countries were considerably lower: in 1983-1985 per capita DES in Ghana fell to 1,648 calories, in Guinea to 1,797, in Mozambique to 1,638, in Chad to 1,587 and in Ethiopia to 1,652 calories per day. It is estimated that malnutrition is responsible for between one third and two thirds of child deaths in Africa. 15/

34. Table 8 shows trends in the per capita daily DES for those countries with a DES of under 2,500 in 1983-1985, which is close to the average DES for developing countries of 2,440 calories per day. 16/ In the group of developing countries for which figures were available, excluding China, 74 countries with a total population in 1986 of nearly 2 billion had per capita DES lower than 2,500 calories per day. Of these 74 countries, 17 countries with a combined population of 228 million experienced a significant decrease of per capita DES between 1977-1979 and 1983-1985; in 38 countries with a combined population of 1,357 million this indicator was unchanged, and in 18 countries of this group, with a combined population of 287 million, per capita DES increased substantially.

35. In contrast to these countries with an average DES of less than 2,500 calories per day, in the group of 53 countries with a DES higher than 2,500 the figure declined in only two cases, Belize and Venezuela. 17/ Overall, then, the countries with higher dietary energy supplies saw further advances, whilst those with lower supplies saw stagnation or deterioration.

36. The First Report on the World Nutrition Situation, published in 1987, highlighted trends in levels of nutrition over the previous 25 years and assessed the numbers of people with inadequate food consumption and underweight children. The first update to the Report was issued in 1989, 18/ and contained data for 33 countries. It showed that, over the long term, the overall trend in child nutrition was indeed one of gradual improvement. However, in Africa, where per capita incomes and food availability had declined in the previous 20 years, the slight improvement recorded in the 1970s was reversed in the 1980s.

37. In Latin America too, the update showed a connection between economic difficulties and increases in malnutrition. Although the two largest economies, Argentina and Brazil, were not included in countries examined, economic difficulties were associated with increases in child malnutrition. In Venezuela, for instance, wasting among children under 15 years of age increased and reached a peak in 1985 at a time of economic difficulties which resulted in sharp increases in the real price of food. In Bolivia, hyperinflation, which was finally brought under control in 1987, appeared to affect urban children's access to food with particular severity.

38. In the six Asian countries studied - Bangladesh, China, Indonesia, the Philippines, Sri Lanka and Thailand - considerable improvements took place between the 1970s and 1980s, but in Bangladesh there was an apparent deterioration in the mid-1980s, and in the Philippines there was no indication of improvement in the nutrition situation. In general, the conclusion of the update was that there were very strong associations at the aggregate level between economic stress and drought and child malnutrition.

Table 18. Trends in dietary energy supply (DES) of countries with per capita DES below 2,500 in 1983-1985

DES level (cal/day) / Group of countries	2,100 or less	2,101 to 2,300	2,301 to 2,500
Countries where per capita DES declined	Angola Antigua and Barbuda Cameroon Central African Republic Chad Guinea Mozambique Namibia Nigeria Rwanda Sierra Leone	Burundi Kenya Sudan Zambia	
Countries where per capita DES was stagnant	Bangladesh Bolivia Burkina Faso Ethiopia Ecuador Haiti Honduras Nepal Somalia Zimbabwe	Afghanistan Benin Botswana Comoros El Salvador Gambia India Macau Pakistan Peru Seychelles Solomon Islands Uganda United Republic of Tanzania Zaire	Guyana Lesotho Liberia Madagascar Malawi Nicaragua Niger Philippines Samoa Senegal Sri Lanka St. Kitts and Nevis Thailand Vanuatu
Countries where per capita DES increased	Guinea-Bissau Maldives Mali	Guatemala Kampuchea Laos Mauritania Papua New Guinea Togo Viet Nam Yemen Arab Republic	Dominican Republic Gabon Grenada Indonesia Panama Saint Lucia Sao Tome and Principe Democratic Yemen

Source: Department of International Economic and Social Affairs, based on The State of Food and Agriculture, 1987-88, FAO, 1988, table 16, annex.

G. Water supply and sanitation

39. Safe drinking water and proper waste disposal are essential for the prevention of many communicable diseases and the maintenance of good health. As shown in table 19, in 91 out of 122 countries 80 per cent or more of the population in urban areas had safe drinking water. In 53 countries a similar proportion of the population in rural areas had access to safe drinking water, but in 14 countries less than 20 per cent of the population in rural areas had such access. There are thus substantial differences both between and within countries. The situation regarding facilities for waste disposal is worse, particularly among rural populations, the coverage in some countries being reported as low as 1 per cent (see table 20).

40. In developing countries, the proportion of urban residents having access to a safe water supply in 1988 is estimated at 78 per cent, compared to 75 per cent at the start of the decade, and those having access to appropriate means of waste disposal at 66 per cent, compared to 57 per cent in 1980. The slow progress has been due to a rapid increase in urban populations, which has almost overtaken the expansion of services. On the other hand, significant progress has been achieved in rural areas, where the coverage has increased from 31 per cent to 47 per cent for safe water supply and from 14 per cent to 20 per cent for sanitation facilities. In the world as a whole, over 1 billion people still remain without safe water supply, and over 1.5 billion without adequate sanitation facilities.

41. The situation in industrialized countries is generally satisfactory, but concern remains about differences between urban and rural areas. In the European region, for example, some countries report that in rural areas many small communities continue to rely on small, often uncontrolled, private water supplies; disposal of wastes in general, including industrial and agricultural pollutants, is also sometimes inadequate. The introduction of water conservation strategies has become a necessity in several European countries where water resources are scarce and where advances in industrial and agricultural development have increased demand for water.

Table 19. Safe water: population coverage by WHO region

(latest available information)

Coverage %	Number of countries						
	Africa	Americas	South-East Asia	Europe	Eastern Mediter-ranean	Western Pacific	Total
Urban							
Under 20	1	0	0	0	0	0	1
20.0-39.9	0	0	2	0	1	0	3
40.0-59.9	6	3	2	0	2	0	13
60.0-79.9	5	5	2	0	1	1	14
80 and over	9	19	5	34	19	5	91
Subtotal	21	27	11	34	23	6	122
No information	23	7	0	0	0	14	44
Rural							
Under 20	7	4	1	0	2	0	14
20.0-39.9	9	7	5	0	6	1	28
40.0-59.9	5	4	0	0	2	1	12
60.0-79.9	1	4	2	2	4	3	16
80 and over	1	7	3	32	9	1	53
Subtotal	23	26	11	34	23	6	123
No information	21	8	0	0	0	14	43
Total	44	34	11	34	23	20	166

Source: World Health Organization (WHO), "Global Strategy for Health for All by the Year 2000: Second report on monitoring progress in implementing strategies for health for all", World Health Statistics Quarterly, vol. 42, No. 4, 1989, table 4.

Table 20. Adequate sanitary facilities: population coverage by WHO region

(latest available information)

Coverage %	Number of countries						
	Africa	Americas	South-East Asia	Europe	Eastern Mediter-ranean	Western Pacific	Total
Urban							
Under 20	1	0	0	0	1	0	1
20.0-39.9	4	3	3	0	0	0	1
40.0-59.9	2	4	2	0	3	0	1
60.0-79.9	2	8	1	1	4	1	1
80 and over	9	11	5	33	15	6	7
Subtotal	18	26	11	34	23	7	11
No information	26	8	0	0	0	13	4
Rural							
Under 20	10	7	5	0	6	0	28
20.0-39.9	4	6	2	0	4	1	17
40.0-59.9	1	4	2	1	3	0	11
60.0-79.9	1	1	0	0	3	2	7
80 and over	2	7	2	33	5	2	51
Subtotal	18	25	11	34	21	5	114
No information	26	9	0	0	2	15	52
Total	44	34	11	34	23	20	166

Source: World Health Organization (WHO), "Global Strategy for Health for All by the Year 2000: Second report on monitoring progress in implementing strategies for health for all", World Health Statistics Quarterly, vol. 42, No. 4, 1989, table 6.

H. Conclusion

42. Over the long term and world wide there have been obvious and substantial improvements in the social situation and standards of living. However, in most countries in sub-Saharan Africa and in several countries in Latin America, standards of living and social conditions have deteriorated in the 1980s. The drop in GDP per capita in several instances below levels prevalent in 1971 and in many cases below that of 1981 is the clearest indication available so far of the lowering of standards of living. In addition, a proportion varying from 2 to 4 per cent of this output was paid out to the rest of the world to service debts incurred in previous periods. Consequently, domestic consumption and investment were further curtailed, the sharper cut falling on investment, presaging major difficulties in raising output in future periods.

43. Although GDP per capita fell in many countries in the 1980s, sustained high growth in the larger countries of Asia ensured that one third of the total population in developing countries benefited from a rate of growth in GDP per capita exceeding 3 per cent per annum. The GDP per capita of two thirds of the population in developing countries grew by more than 1 per cent per annum.

44. At the end of the 1980s, some 20 per cent of the world's population, about 1 billion people, lived in conditions of absolute poverty. Despite sustained growth, 55 per cent of them were concentrated in Asia. Problems of poverty became more severe in Africa, with 38 per cent of the total. New groups of poverty arose consequent upon loss of employment, in the process of political and economic upheavals.

45. Published statistical information on social conditions including unemployment, education, health and sanitation does not provide much evidence of massive nation-wide declines. In most instances, the actual figures are yet to come forth, the currently available figures being estimates based on parameters that may have changed in magnitude during the mid-1980s. It is also possible that during periods of adversity extraordinarily strong mechanisms emerge to cope with these vicissitudes

46. Delays in the generation, analysis and publication of the relevant data are a major obstacle to an adequate identification of the problems and a meaningful discussion of alternative policies. However, UNICEF, in the course of its activities relating to children in developing countries, has brought forth some evidence of deterioration in conditions of nutrition and health among young children and their mothers, which has been highly valuable in the reconsideration of the content of stabilization and adjustment policies both domestically and internationally. An inter-agency effort is being made in the United Nations system to make social indicators available more speedily.

47. Nevertheless, there is ample evidence of a deterioration in living conditions and an aggravation of problems of poverty in virtually all major regions of developing countries. On the other hand, progress in some areas was possible in spite of economic difficulties, notably in health, where new approaches and dedicated efforts proved important. Both faster economic growth in developing

countries and policies to bring those benefits to the poorer sections are essential features in desirable patterns of development during the decade of the 1990s. These processes may require substantial revision to the premise that Governments ought to minimize their intervention in economies in developing countries, especially those in sub-Saharan Africa, where much of the economic and social infrastructure is yet to be put in place.

II. TRENDS IN THE WORLD ECONOMY AND IN THE SOCIAL SITUATION

48. This chapter contains an analysis of the relationship between trends in the world economy and in the social situation, including projections to the year 2000, with special attention to developing countries. Section A of this chapter contains a brief discussion of the relationship between trends in economic and in social conditions, pointing to the importance of public intervention. Against this background, projections in economic conditions, population, health, education, are discussed in the rest of the chapter.

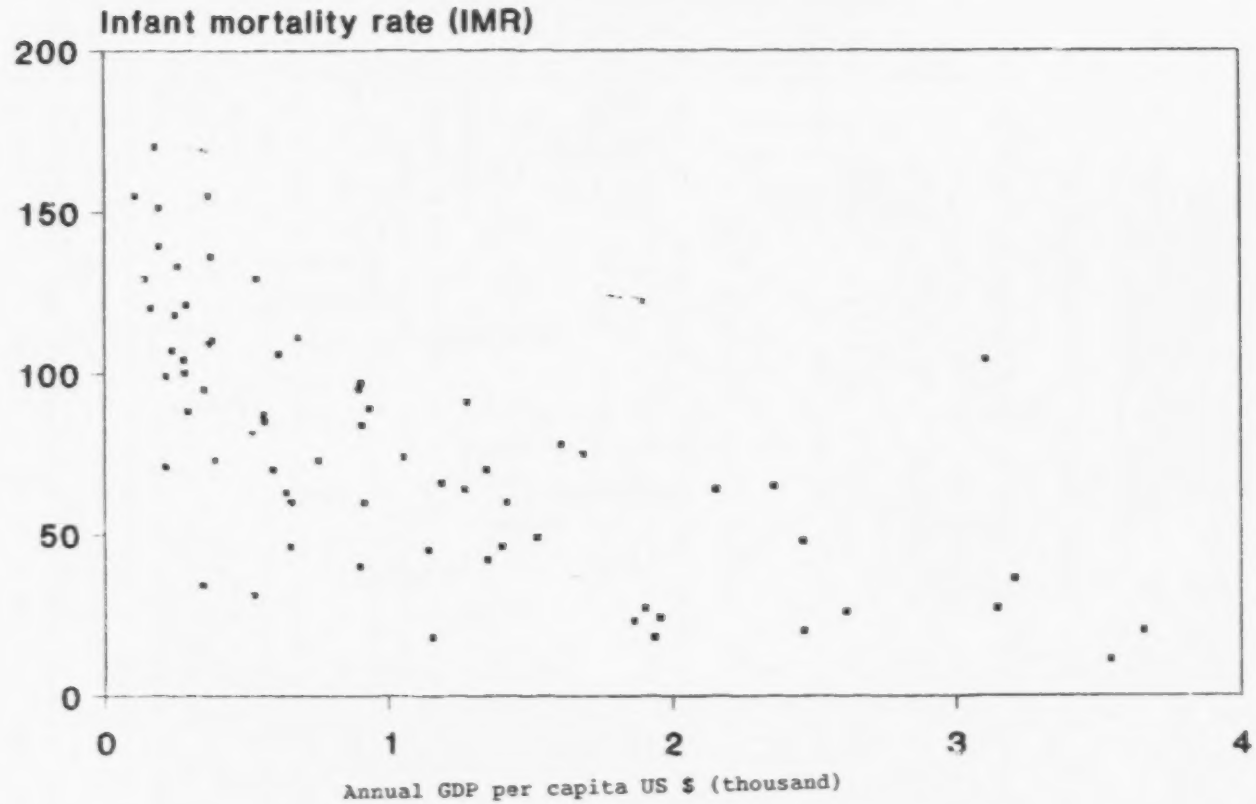
A. Economic and social conditions

49. In general, improvements in economic and social conditions go together. Economic improvements make resources available to satisfy social needs, and social improvements contribute to, among other things, a skilled and healthy labour force. However, the relationship is somewhat more complicated than may appear at first sight. The kind of economic growth fostered in a country determines to a large degree the distribution of assets, including skills, and income. The eventual distribution of income in an economy that is highly socially stratified, if left to be largely determined by market forces, tends to correspond closely to the initial pattern. However, public intervention can change these patterns substantially. 19/

50. Infant mortality is generally taken to be a significant indicator of social well-being, and GDP per capita is an admittedly crude but undeniably relevant indicator of the level of economic development. Figure III contains a scatter diagram relating GDP per capita with the infant mortality rate in 67 developing countries in the mid-1980s. The diagram and the corresponding regression equation confirm the expectation of a significant relationship. However, a large number of observations lie well outside an expected line of fit connecting the observations on the scatter diagram. A similar pattern can be observed in figure IV, which relates net domestic product per capita in each state in India with the corresponding literacy in the early 1980s. The state of Kerala stands out with a low net domestic product per capita and a high literacy rate, as does the state of Punjab with a high net domestic product per capita and low literacy.

51. Government policies which help promote advances in social conditions may be considered in three groups. The first group aims at bringing about a more egalitarian redistribution of physical assets, especially land, which constitutes the most common from of asset ownership in developing countries. The second group comprises policies which reduce institutional barriers to economic and social mobility by eliminating moribund social structures and which avoid the creation of monopolistic opportunities for raising incomes of select groups. The final group includes policies securing egalitarian access to services providing nutrition, health and education and assistance in times of natural disasters or other emergency. Low rates of infant mortality and high literacy rates achieved during the 1970s in low-income countries including China, Cuba, Costa Rica, Sri Lanka, the

Figure III. Infant mortality rate vs GDP per capita for developing countries in 1987

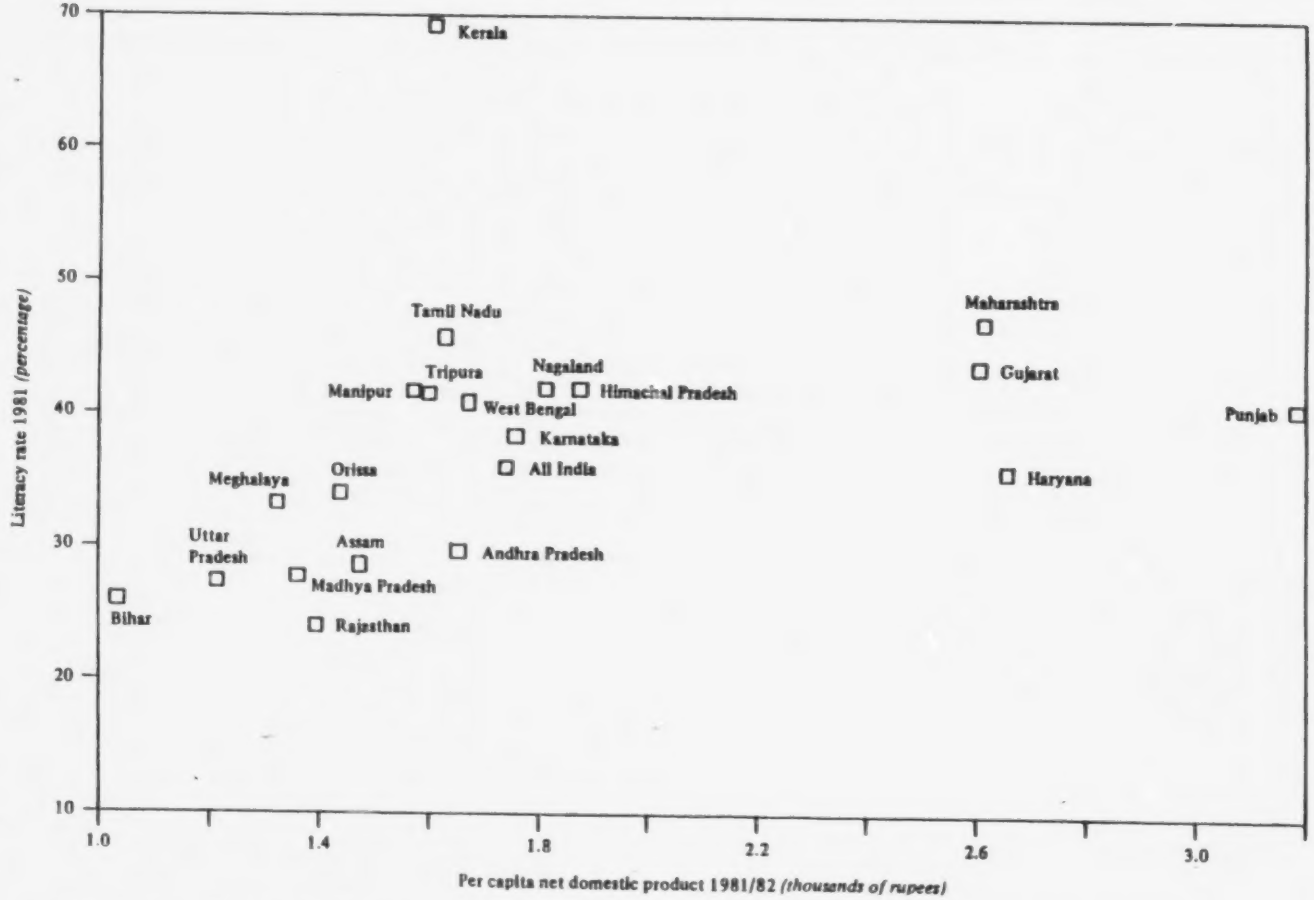


Source: Department of International Economic and Social Affairs of the United Nations Secretariat data bank.

Log IMR = c + a log GDP (n=67)
a_2 = -0.49 DW Statistic = 1.58
r^2 = 0.51 T Statistic = 8.38

/...

Figure IV. States of India: per capita net domestic product 1981/1982 and literacy rate 1981



Source: ESCAP, The Economic and Social Survey of Asia and the Pacific 1986 (United Nations publication, Sales No. E.87.II.F.1), based on Government of India Monthly Abstract of Statistics (July 1986); and Handbook on Social Welfare Statistics (1981).

.../

United Republic of Tanzania and Viet Nam point to the success of government policies to raise social conditions well above those in other comparable countries. 20/

Table 21. Extension of life expectancy at birth: England and Wales, 1901-1960

(additional years in each decade)

Decades	Men	Women
1901-1911	4.1	4.0
1911-1921	6.6	6.5
1921-1931	2.3	2.4
1931-1941	1.2	1.5
1941-1951	6.5	7.0
1951-1960	2.4	3.2

Source: Amartya Sen, Hunger and entitlements, (WIDER, Helsinki), 1988, p. 29, quoting S. Preston, N. Keyfitz and R. Schoen, Causes of Death: Life Tables for National Populations (New York, 1972) and J. M. Winter, The Great War and the British People (London: Macmillan, 1986).

52. Another example of effective policy interventions to raise health conditions even in times of economic scarcity is provided by the experience in England and Wales during the two world wars. As table 21 shows, life expectancy in England and Wales increased during every decade between 1901 and 1960, but it increased significantly more in war time when food was scarce but equitably rationed and health services were more accessible. However, the table also shows the impact of the economic depression in the 1930s.

53. The principal limit to government intervention of this nature is its cost. Governments have to tax some groups to raise resources to provide the necessary services, and this may be very difficult. Objections to high taxation take several forms: large scale tax evasion, "tax revolts" and a shift out of taxed sectors, as when producers of heavily taxed export commodities reduce current output and new investment, including replanting. Government machinery itself is not always the most efficient user of these resources, even when they can be raised. Security of employment in government or state owned enterprises together with generous social service benefits can engender a spirit of complacency detrimental to productivity. Output in such sectors as education may become so widely divergent from what the economy can productively employ as to make the investment wasteful and the educated unemployed, a source of disruption rather than growth in output. Consequently, components of social development policies in several countries including China, Sri Lanka, the United Republic of Tanzania and Viet Nam have come to be reassessed during the decade.

54. The impact on social conditions of structural adjustment and the debt crises in many developing countries is largely due to effects on resource flows. There is generally a drop in resources available for all purposes, including social services, and dislocations, which are an essential part in the process of adjustment, are likely to affect social conditions adversely in the absence of adequate protective measures. In any case, the process of structural adjustment is designed to bring about changes in patterns of reward to economic activity, which will bring benefits to some and hurt others. This is discussed in chapter III.

B. Trends in the world economy to the year 2000

55. The following projections of trends in the world economic and social situation is based on the report of the Secretary-General entitled "Overall socio-economic perspective of the world economy to the year 2000" (A/43/554). These projections form a baseline scenario resting on assumptions of unchanged government policy stances and the absence of major shocks to the world economy. Since policies in response to events and shocks to the world economy occurring as in the 1970s and the 1980s must be expected, the baseline scenario cannot be taken as a prediction, but rather as a point of departure. Even under these assumptions, significant changes would take place in the composition and distribution of world production and incomes. Populations in many of the poorest developing countries would continue to experience acute poverty with little prospect of improvement.

56. World economic growth in the 1990s is expected to be significantly below its longer-term trend but higher than recent experience (see table 22). During the 1970s, aggregate gross world product rose at an annual rate of 3.7 per cent, with the increase in output in the developing countries exceeding 5 per cent per annum on average. In the period 1981-1985 the rate of expansion in the developing countries fell precipitously to less than 2 per cent a year on average. A continuing recovery in world economic growth has been evident during the period 1986-1990. However, growth is expected to be very uneven, with absolute declines in GDP per capita in many developing countries in Africa and only small increases in most developing countries in the Western hemisphere. 21/

57. As can be seen in table 23, the extent of inequality, whether in output per economically active person or in output per person in the population, has worsened historically and is likely to become more unequal under the assumptions of the baseline scenario. The ratio of per capita income in developed market economies to that in developing countries was 10 to 1 in 1970, rose to 10.9 to 1 in 1985, and is projected to reach 11.5 to 1 in 2000.

Table 22. Gross domestic product, growth rate and per capita level

	Growth rate				GDP per capita in 1980 $US	
	GDP		GDP per capita			
	1986-1990	1991-2000	1986-1990	1991-2000	1985	2000
World	2.8	3.3	1.2	1.8	2 725	3 438
Developed market economies	2.4	2.7	1.8	2.0	10 225	13 551
North America	2.3	2.6	1.4	1.8	12 274	15 749
Europe	2.3	2.4	1.9	2.0	9 010	12 024
Other developed	3.1	3.7	2.1	2.7	9 116	13 207
Centrally planned a/ economies of Europe	3.8	3.9	3.0	3.2	2 915	4 532
China a/	7.8	6.6	6.6	5.5	346	797
Developing countries	3.3	4.1	0.9	2.0	971	1 233
North Africa	4.8	4.6	2.2	2.4	1 468	2 078
Sub-Saharan Africa	3.2	3.3	0.0	0.0	483	483
Western Hemisphere	2.0	3.2	0.1	1.0	2 129	2 362
West Asia	4.4	4.3	1.1	1.3	3 431	4 129
South and South-East Asia	4.3	4.1	2.4	2.4	454	644
Mediterranean	2.9	2.8	1.2	1.4	2 037	2 487

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

a/ Based on net material product.

58. But these averages do not reflect the incidence of poverty. Using estimates of the size distribution of income in countries accounting for 83 per cent of the population of the developing countries, it is projected that over 1 billion people will have a per capita income of less than $300 per year (in 1980 dollars) in the year 2000 (see table 23). In 1985, this income group represented about one quarter of the world's population and in the year 2000 it would still account for about one fifth. Furthermore, all the improvement comes in Asia, where the trend growth rates of GDP are quite high. In Africa and the Western hemisphere, the number of people in poverty is expected to increase.

59. The potential for growth in the world economy is obviously greater than that suggested in this scenario, which is based on the trends of the recent past. Many countries have shown that development can be greatly accelerated in spite of severe constraints. Moreover, radical changes in the world economy must be expected to flow from the relaxation of international tension and the anticipated end of the escalation of military expenditure, although it is yet too early to assess the full consequences of these major events.

Table 23. Absolute and relative productivity and per capita income 1970-2000 a/

Country group		Gross domestic product per active person	Relative productivity b/	Gross domestic product per capita	Relative per capita b/
Developed market economies					
Actual	1970	17 163	1.0	7 439	1.0
	1985	21 754	1.0	10 024	1.0
Forecasted	1990	23 550	1.0	10 935	1.0
Projected	2000	29 006	1.0	13 429	1.0
Developing countries					
Actual	1970	1 988	8.6	746	10.0
	1985	2 481	8.8	919	10.9
Forecasted	1990	2 580	9.1	960	11.4
Projected	2000	3 080	9.4	1 167	11.5
Major petroleum exporters					
Actual	1970	51 924	0.3	14 420	0.5
	1985	29 223	0.7	8 592	1.2
Forecasted	1990	23 854	1.0	6 957	1.6
Projected	2000	27 900	1.0	8 045	1.7
Other petroleum exporters					
Actual	1970	3 239	5.9	1 127	6.6
	1985	3 455	6.3	1 190	8.4
Forecasted	1990	3 243	7.3	1 125	9.7
Projected	2000	3 521	8.2	1 251	10.7
Major manufacturing exporters					
Actual	1970	1 134	15.1	444	16.8
	1985	1 967	11.1	762	13.2
Forecasted	1990	2 322	10.1	908	12.0
Projected	2000	3 102	9.4	1 247	10.8
Other manufacturing-oriented countries					
Actual	1970	3 393	5.1	1 186	6.3
	1985	3 990	5.5	1 441	7.0
Forecasted	1990	4 072	5.8	1 493	7.3
Projected	2000	4 633	6.3	1 773	7.6
Least developed countries					
Actual	1970	523	32.8	213	34.6
	1985	573	38.0	217	46.2
Forecasted	1990	586	40.2	219	49.9
Projected	2000	609	47.6	225	59.7
Primary commodity and services exporters					
Actual	1970	1 947	8.8	778	9.6
	1985	1 961	11.1	739	13.6
Forecasted	1990	1 905	12.4	703	15.6
Projected	2000	1 825	15.9	656	20.5

Source: Department of International Economic and Social Affairs of the United Nations Secretariat.

a/ Measured in 1980 United States dollars per person and percentage ratio to average for developed market economies.

b/ Level in developed market economies as a multiple of corresponding level in groups of developing countries.

C. Population 22/

1. World and regional population growth rate

60. World and regional population trends for the 1950-2000 period are presented in table 24. The world population stood at 2.5 billion in 1950. The annual growth rate was then 1.8 per cent but increased steadily, reaching a maximum of 2.1 per cent in 1965-1970. Since 1965-1970, it has declined to the current rate of 1.7 per cent per year. But the annual addition to world population has continued to grow from 44 million in 1950 to 90 million in 1988. The world population growth rate is expected to remain at about 1.7 per cent per year until 1995 (see table 26).

61. The trends and patterns of population growth in the more developed and the less developed regions are very different (see table 25). The share of world population in developing regions rose from 67 per cent in 1950 to 75 per cent in 1985 and is expected to rise to 80 per cent in 2000. There are substantial differences among developing countries (see table 26). During 1980-1985, population grew at 3.0 per cent per year in Africa, 2.2 per cent in Latin America, and 1.9 per cent in Asia.

62. The growth rate in Africa is projected to remain at around 3 per cent per year until 2000 and decrease slowly thereafter to 1.9 per cent in 2020-2025. The growth rate in Latin America has been declining since the early 1960s and is expected to reach 1.6 per cent per year by 2000-2005. In Asia, the rate of growth of population is projected to remain at between 1.8 and 1.9 per cent until about 1995, declining to 1.4 per cent in 2000-2005 and to 0.9 per cent in 2020-2025.

Table 24. Population size and rate of growth, world, more developed regions, and less developed regions, medium variant, 1950-2000

Year	Population (million)			Average annual growth rate (percentage)				
	World	More developed regions a/	Less developed regions b/	Percentage of population in LDRs	Period	World	More developed regions a/	Less developed regions b/
1950	2 515	832	1 683	66.9	1950-1955	1.80	1.28	2.05
1955	2 752	887	1 865	67.8	1955-1960	1.86	1.25	2.14
1960	3 020	945	2 075	68.7	1960-1965	1.99	1.19	2.35
1965	3 337	1 003	2 334	69.9	1965-1970	2.06	0.91	2.53
1970	3 698	1 049	2 649	71.6	1970-1975	1.96	0.86	2.38
1975	4 079	1 096	2 984	73.2	1975-1980	1.74	0.73	2.10
1980	4 450	1 136	3 313	74.4	1980-1985	1.74	0.65	2.10
1985	4 853	1 174	3 680	75.8	1985-1990	1.73	0.53	2.10
1990	5 292	1 205	4 086	77.2	1990-1995	1.71	0.48	2.06
1995	5 765	1 234	4 530	78.6	1995-2000	1.62	0.45	1.92
2000	6 250	1 262	4 988	79.8				

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

a/ Including North America, all regions of Europe, Australia and New Zealand, Japan, and the Union of Soviet Socialist Republics.

b/ Including all regions of Africa, Latin America, East and South Asia and Oceania (excluding Australia, New Zealand and Japan).

/...

Table 25. Crude birth rates and crude death rates, more developed regions and less developed regions, medium variant, 1950-2000

Period	World total		More developed regions		Less developed regions	
	CBR	CDR	CBR	CDR	CBR	CDR
	(per thousand population)					
1950-1955	37.4	19.7	22.6	10.1	44.6	24.3
1955-1960	35.6	17.2	21.6	9.3	42.1	20.9
1960-1965	35.2	15.5	20.1	9.0	41.9	18.3
1965-1970	33.9	13.3	17.9	9.2	40.4	15.1
1970-1975	31.5	12.2	16.7	9.3	37.1	13.3
1975-1980	28.4	11.1	15.6	9.4	32.9	11.7
1980-1985	27.7	10.4	15.2	9.6	31.8	10.7
1985-1990	27.1	9.9	14.6	9.8	30.9	9.9
1990-1995	26.3	9.3	14.0	9.6	29.8	9.2
1995-2000	24.8	8.7	13.5	9.5	27.7	8.5

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

Table 26. Size, percentage distribution and annual rate of increase of population by major areas of the world, medium variant, 1950-2000

Population (million)

Year	World	Africa	Latin America	North America	Asia	Europe	Oceania	USSR
1950	2 515	224	165	166	1 375	392	13	180
1960	3 020	281	218	199	1 667	425	16	214
1970	3 698	363	285	226	2 101	460	19	243
1980	4 450	481	362	252	2 583	484	23	265
1985	4 853	557	404	265	2 834	492	25	277
1990	5 292	647	448	276	3 108	498	26	288
2000	6 250	872	540	295	3 698	508	30	308

Percentage

Year	World	Africa	Latin America	North America	Asia	Europe	Oceania	USSR
1950	100	8.9	6.6	6.6	54.7	15.6	0.5	7.2
1960	100	9.3	7.2	6.6	55.2	14.1	0.5	7.1
1970	100	9.8	7.7	6.1	56.8	12.5	0.5	6.5
1980	100	10.8	8.1	5.7	58.0	10.9	0.5	6.0
1985	100	11.5	8.3	5.5	58.4	10.1	0.5	5.7
1990	100	12.2	8.5	5.2	58.7	9.4	0.5	5.4
2000	100	13.9	8.6	4.7	59.2	8.1	0.5	4.9

Average annual rate of increase (per cent)

Year	World	Africa	Latin America	North America	Asia	Europe	Oceania	USSR
1950-55	1.80	2.18	2.74	1.80	1.90	0.79	2.25	1.71
1960-65	1.99	2.48	2.80	1.49	2.19	0.91	2.09	1.49
1970-75	1.96	2.69	2.48	1.06	2.27	0.58	1.78	0.96
1980-85	1.74	2.95	2.19	1.00	1.86	0.32	1.55	0.84
1990-95	1.71	3.01	1.94	0.71	1.82	0.22	1.34	0.63
1995-2000	1.47	2.84	1.63	0.56	1.44	0.13	1.18	0.61

Source: World Population Prospects: 1988 (United Nations publication Sales No. E.88.XIII.7).

2. Population structure

63. Changes in fertility have profound effects on the age structures of populations, even more than changes in mortality. In 1950, the median age of the population was 28 years in the more developed regions and 21 years in the less developed regions (see table 27). In 1970, the population of the more developed regions had aged and the median age had risen to 30 years.

64. In contrast, from 1950 to 1970 the median age in the less developed regions fell from 21 to 19 years. However, since 1970, the population of the less developed regions has been aging, due to the significant decline in fertility. The median age had returned to 21 years by 1985.

Table 27. Median age of population, the world and major areas, medium variant, 1950-2025

Year	World	More developed regions	Less developed regions	Africa	Latin America	North America	Asia	Europe	Oceania	USSR
1950	23.4	28.2	21.2	18.7	19.7	30.0	21.8	30.5	27.9	24.7
1970	21.6	30.1	19.0	17.6	18.6	27.7	19.7	32.2	25.1	28.7
1985	23.4	32.5	21.0	17.3	20.9	31.5	22.2	33.9	27.6	30.0
2000	25.9	36.3	23.6	17.7	24.1	36.5	25.7	37.5	30.5	33.0
2025	31.0	40.6	29.6	22.6	30.2	40.8	32.5	42.8	34.5	36.4

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

3. Child population

65. In 1985, a little over one third of the world population was under 15 years of age; 37 per cent in developing countries and 22 per cent in developed countries (see table 28). By 2000, these figures are expected to decline to 31 per cent, 34 per cent and 20 per cent respectively.

4. Elderly population

66. The group aged over 60 comprises 16 per cent of the population of the more developed regions and 7 per cent of the less developed regions. Both regions are projected to age over the next 40 years (see table 29). By 2025, 25 per cent of the population in the more developed regions and 12 per cent of the population in the less developed regions are expected to be 60 years of age or over.

Table 28. Child population (aged 0-14 years): size, growth rate and percentage in total population, for major regions of the world, 1950-2025, medium variant

	1950	1970	1980	1985	1990	2000	2025
World							
Size (000)	869 289	1 386 171	1 567 402	1 627 478	1 711 399	1 957 304	2 062 625
Annual growth rate (%)	-	2.3	1.2	0.8	1.0	1.3	0.2
Percentage of total	34.6	37.5	35.2	33.5	32.3	31.3	24.4
More developed regions							
Size (000)	231 264	278 951	262 975	260 004	257 587	253 527	242 288
Annual growth rate (%)	-	0.9	-0.6	-0.2	-0.2	-0.2	-0.2
Percentage of total	27.8	26.6	23.1	22.2	21.4	20.1	17.9
Less developed regions							
Size (000)	638 025	1 107 220	1 304 427	1 367 474	1 453 812	1 703 777	1 820 337
Annual growth rate (%)	-	2.8	1.6	0.9	1.2	1.6	0.3
Percentage of total	37.9	41.8	39.4	37.2	35.6	34.2	25.6
Africa							
Size (000)	95 074	162 514	216 331	252 244	293 259	386 703	541 270
Annual growth rate (%)	-	2.7	2.9	3.1	3.0	2.9	1.3
Percentage of total	42.4	44.8	45.0	45.3	45.3	44.3	34.2
Latin America							
Size (000)	67 197	121 154	141 774	151 561	161 167	176 998	195 527
Annual growth rate (%)	-	2.9	2.6	1.3	1.2	0.9	0.4
Percentage of total	40.6	42.5	37.2	37.5	36.0	32.8	25.7
North America							
Size (000)	45 093	64 406	56 718	57 444	59 173	59 473	59 732
Annual growth rate (%)	-	1.8	-1.3	0.3	0.6	0.1	0.0
Percentage of total	27.2	28.4	22.5	21.7	21.4	20.2	17.9
Asia							
Size (000)	504 433	847 015	971 819	987 425	1 019 730	1 159 530	1 099 488
Annual growth rate (%)	-	2.6	1.4	0.3	0.6	1.3	-0.2
Percentage of total	36.7	40.3	37.6	34.9	32.8	34.4	22.5

Table 28 (continued)

	1950	1970	1980	1985	1990	2000	2025
Europe							
Size (000)	99 638	114 807	108 433	102 280	97 741	94 317	84 954
Annual growth rate (%)	-	0.7	-0.6	-1.2	-0.9	-0.4	-0.4
Percentage of total	25.4	25.0	22.4	20.8	19.6	18.5	16.6
Oceania							
Size (000)	3 762	6 218	6 674	6 846	7 108	7 798	8 601
Annual growth rate (%)	-	2.5	0.7	0.5	0.8	0.9	0.4
Percentage of total	29.7	32.2	29.3	27.8	26.8	25.9	22.1
USSR							
Size (000)	54 156	70 150	65 758	69 792	73 344	72 649	73 200
Annual growth rate (%)	-	1.3	-0.6	1.2	1.0	-0.1	0.0
Percentage of total	30.1	28.9	24.8	25.2	25.5	29.6	20.8

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

Note: Growth rate refers to the average annual rate of increase between the given dates.

Table 29. Elderly population (aged 60 years or more): growth rate and percentage in the total population, major regions of the world, 1950-2000, medium variant

	1950	1970	1980	1985	1990	2000
World						
Size (1000)	201 039	307 774	381 822	431 701	487 873	612 283
Annual growth rate (%)	-	2.1	2.3	2.5	2.4	2.8
Percentage of total	810	8.3	8.6	819	9.2	9.8
More developed regions						
Size (1000)	94 630	148 864	173 453	189 128	205 726	235 666
Annual growth rate	-	2.3	1.5	1.7	1.7	1.4
% of total	11.4	14.2	15.3	16.1	17.1	18.7
Less developed regions						
Size (1000)	106 410	158 911	208 369	242 573	282 147	376 617
Annual growth rate (%)	-	2.0	2.7	3.0	3.0	2.8
% of total	6.3	6.0	6.3	6.6	6.9	7.6
Africa						
Size (1000)	12 035	18 157	23 395	27 359	31 252	42 002
Annual growth rate (%)	-	2.1	2.5	3.1	2.7	3.0
% of total	5.4	5.0	4.9	4.9	4.8	4.8
Latin America						
Size (1000)	8 787	17 163	23 453	27 349	31 892	42 280
Annual growth rate (%)	-	3.3	3.1	3.1	3.1	2.8
% of total	5.3	6.0	6.5	6.8	7.1	7.5
North America						
Size (1000)	20 062	31 218	39 152	43 303	46 221	49 492
Annual growth rate (%)	-	2.2	2.3	2.0	1.3	0.7
% of total	12.1	13.8	15.5	16.4	16.8	16.8
Asia						
Size (1000)	91 885	134 525	176 360	205 460	239 930	320 019
Annual growth rate (%)	-	1.9	2.7	3.1	3.1	3.9
% of total	6.7	6.4	6.8	7.2	7.7	8.7

Table 29 (continued)

	1950	1970	1980	1985	1990	2000
Europe						
Size (1000)	50 626	76 723	81 823	87 853	92 748	102 536
Annual growth rate (%)	-	2.1	0.6	1.4	1.1	1.0
% of total	12.9	16.7	16.9	17.8	18.6	20.8
Oceania						
Size (1000)	1 428	2 083	2 660	3 040	3 399	3 931
Annual growth rate (%)	-	1.9	2.4	2.7	2.2	1.5
% of total	11.3	10.8	11.7	12.3	12.8	13.0
USSR						
Size (1000)	16 231	27 922	35 002	37 371	42 474	52 094
Annual growth rate (%)	-	2.7	2.3	1.3	2.6	2.0
% of total	9.0	11.5	13.3	13.5	14.7	16.9

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

Note: Growth rate refers to the average annual rate of increase between the given dates.

5. Dependency rates

67. Changes in the age structure of population affects the dependency ratio, that is the ratio of the young and the old to those in their productive years, provisionally defined as the ratio of the population under 15 and 65 and over to those between 15 and 64 years of age. In 1985, in the world as a whole, there were, by this definition, 65 dependants for every 100 persons of working age (see table 30). The dependency ratio in 1985 was 71 in less developed regions and 51 in the developed ones. These figures have declined from peak levels of dependency around 1965, when it was 84 in the less developed regions and 58 in the more developed regions. In the more developed regions, the dependency ratio is projected to remain stable until after 2000; in the less developed regions it is projected to decline steadily to 65 in 2000.

68. In 1985, among developing regions, Africa had the highest dependency ratio - 94 dependants per 100 persons of working age. In Latin America, it was 73, and in Asia 65. By 2025, dependency ratios are projected to be 62 in Africa, 52 in Latin America and 47 in Asia.

69. The projected decline in the dependency ratio of the world population from 65 in 1985 to 52 in 2025 is due solely to a decline in dependants under the age of 15. The "old-age dependency ratio", the population aged 65 and older per 100 working-age persons, is projected to rise from 10 to 15 during the 40 years. This shift in the dependency burden towards a greater share of elderly dependants will appear in all the major developing regions.

Table 30. Dependency ratios of total, young (aged under 15) and old (aged 65 and over) population in major regions of the world, 1950-2025, per 100 population aged 15-64 years medium variant

	1950	1965	1980	1985	1990	2000	2025
World							
Total	65.7	75.4	69.9	65.3	62.9	62.0	51.7
Young	57.3	66.2	59.9	55.4	52.9	51.1	37.0
Old	8.5	9.3	10.1	9.9	10.1	10.9	14.7
More developed regions							
Total	54.8	58.4	53.0	50.6	50.2	50.9	58.3
Young	43.0	44.1	35.4	33.4	32.1	30.3	28.4
Old	11.8	14.3	17.6	17.3	18.1	21.8	29.9
Less developed regions							
Total	71.7	83.8	76.6	70.6	67.1	65.1	50.6
Young	65.1	77.0	69.5	63.4	59.6	56.8	38.6
Old	6.6	6.8	7.1	7.2	7.4	8.3	12.0

Table 30 (continued)

	1950	1965	1980	1985	1990	2000	2025
Africa							
Total	84.4	90.4	92.4	93.7	93.5	90.2	62.2
Young	78.2	84.5	86.5	87.7	87.7	84.3	55.5
Old	6.1	5.8	5.9	6.0	5.9	5.8	6.6
Latin America							
Total	78.3	87.9	77.0	72.5	68.7	61.6	52.1
Young	72.4	81.0	69.4	64.8	60.7	53.0	39.1
Old	5.8	6.9	7.6	7.8	8.0	8.6	13.0
North America							
Total	54.4	66.8	50.7	50.3	51.3	49.2	60.5
Young	41.9	51.3	34.0	32.6	32.5	30.1	28.8
Old	12.5	15.5	16.8	17.7	18.8	19.1	31.7
Asia							
Total	68.8	79.9	72.5	65.3	60.9	59.4	47.3
Young	61.9	72.7	64.9	57.6	52.9	50.2	33.2
Old	6.8	7.2	7.6	7.7	8.0	9.3	14.1
Europe							
Total	51.7	55.7	54.9	50.3	49.3	50.3	57.9
Young	38.5	39.5	34.7	31.2	29.3	27.9	26.2
Old	13.2	16.2	20.2	19.1	20.0	22.4	31.7
Oceania							
Total	59.3	67.0	59.4	56.9	56.0	54.8	54.9
Young	47.4	54.7	46.7	43.5	41.9	40.1	34.2
Old	11.9	12.3	12.8	13.3	14.1	14.6	20.7
USSR							
Total	56.7	61.1	53.9	53.4	54.0	54.5	55.4
Young	47.1	49.2	38.1	38.7	39.2	36.5	32.4
Old	9.5	11.9	15.8	18.7	14.8	18.0	23.0

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

6. Urbanization

70. Urban populations are expected to grow faster than the total through the 1990s and beyond. The urban share of population of developed countries is expected to rise from 71 per cent in 1985 to 74 per cent by 2000. In Africa, it is expected to increase from 30 to 39 per cent, in Asia (including Japan) from 28 to 35 per cent, and in Latin America, from 69 to 77 per cent.

71. The number and size of "megacities" will increase rapidly in developing countries. In 1985, there were 30 cities with a population of 5 million or more and 12 with 10 million or more. By 2000, the number of urban areas in the world with over 5 million inhabitants is expected to reach 48, of which 37 will be in the developing regions (see table 31).

Table 31. Urban areas with more than 5 million inhabitants, 1970-2000

	Number of urban areas with more than 5 million inhabitants			Percentage of total urban population in such areas		
Year	World	Developed countries	Developing countries a/	World	Developed countries	Developing countries a/
1970	20	9	11	12.4	12.3	12.5
1985	30	10	20	14.2	12.1	15.8
00	48	11	37	17.0	12.0	19.5

Source: United Nations, Department of Economic and Social Affairs, based on The Prospects of World Urbanization, Revised as of 1984-85, New York, 1987 (United Nations publication, Sales No. E.87.XIII.3), table A.9 and table 2.

a/ Including China.

7. Implications for policy

72. The rates of growth of population and disparities between developed and developing countries and among developing countries give rise to a variety of economic and social problems. First, rates of economic growth have to be high enough to raise standards of living and to provide adequate opportunities for employment. As developed countries experience a stagnation or a fall in the size of the labour force there will be very strong economic incentives for large-scale migration of labour from developing to developed countries. Developed countries

will need to find new institutional arrangements under which these workers can be accommodated as migrant workers or citizens in their countries.

73. Secondly, although rapid urbanization will continue apace, patterns of urban settlements may undergo major changes, especially in the developed countries. The new technologies, with computers at their core, may make the agglomeration of large numbers of people in central office complexes and factories obsolete. The shift towards a service and high-technology economy may be accompanied by a location of most new economic activity in small and medium-sized cities.

74. Thirdly, the rapid urbanization and new patterns of dispersal of urban settlements will call for very large amounts of resources for improvement in physical infrastructure in the form of housing, water supply and sewerage facilities and urban construction, apart from and in addition to those required to facilitate economic growth.

75. Fourthly, the rising pressure of population on land, water and other resources will intensify new concerns about the preservation of the environment, especially in developing countries.

76. Fifthly, effective new ways of providing educational facilities will have to be found when populations rise dramatically.

77. Finally, as populations age, societies will feel the need for better mechanisms to ensure the welfare of the aged.

D. Changes in the labour force

78. Trends in labour force growth are affected by changes in the age structure and participation rates. The growth of the labour force in the 1990s is projected to slow significantly in the developed regions and China, but to remain fairly stable in other developing regions. For the world as a whole, the average annual rate of labour force increase will decline to 1.5 per cent during 1990-2000, down from 2.1 per cent in 1970-1980 (see table 32). The average annual increase will decline from 41 million in the 1980s to 39 million in the 1990s; over 35 million of the increase will occur in developing countries. The absorption of this growing labour force in productive employment will be an important policy concern during the 1990s.

79. In 1980, about 58 per cent of the world's population aged 10 and over were members of the labour force (including those without jobs who were looking for employment); overall, the participation rate was 73 per cent among males and 43 per cent among females. The rates varied significantly among regions, especially for females, ranging from about 60 per cent in the centrally planned economies to about 10 per cent in North Africa and West Asia (table 33). The apparent diversity between the high female participation rate in sub-Saharan Africa (51 per cent) and the lower rates in Latin America and South Asia (25 per cent) may reflect cultural differences in the definition of female work.

Table 32. Total labour force, in millions, and annual growth rates, in percentages, 1970-2000

	1970	1970-1980	1980	1980-1990	1990	1990-2000	2000
Developing countries							
North Africa	18.0	2.79	23.7	3.02	31.9	3.01	42.9
Sub-Saharan Africa	121.1	2.55	155.8	2.44	198.2	2.70	258.7
South and East Asia	390.8	1.99	475.9	2.19	591.0	1.99	719.6
South Asia	277.8	1.82	332.8	2.14	411.1	2.00	501.1
East Asia newly-industrialized countries	13.8	2.92	18.4	2.30	23.1	1.68	27.3
Others	99.2	2.31	124.7	2.32	156.8	2.00	191.2
West Asia	17.3	3.54	24.5	3.48	34.5	3.44	48.4
Mediterranean	25.6	1.43	29.5	1.72	35.0	1.57	40.9
Western hemisphere	90.4	3.12	122.9	2.52	157.6	2.37	199.1
Subtotal, developing countries	663.3	2.30	832.3	2.33	1 048.1	2.25	1 309.6
China and Asian planned economies	455.1	2.47	580.6	2.24	724.3	1.23	818.4
Developed market economies	304.4	1.34	347.9	0.91	380.9	0.52	401.3
Centrally planned economies of Europe	172.4	1.21	194.5	0.65	207.6	0.58	219.9
World total, 150 countries	1 595.2	2.06	1 955.3	1.90	2 360.9	1.53	2 749.3
Least developed countries	103.9	2.09	127.8	2.39	161.9	2.54	208.1

Source: Department of International Economic and Social Affairs of the United Nations Secretariat, based on country population data in World Population Prospects - Estimates and Projections as Assessed in 1984 (United Nations publication, Sales No. E.86.XIII.3), and labour force participation rates from the International Labour Organisation (ILO), Economically Active Population, 1950-2025, Geneva, 1986. The projections for 1990 and 2000 are based on the "medium variant" population projection for each country.

Table 33. Labour force participation rates, a/ male and female, 1960-2000

(Percentage)

	1960		1970		1980		1990		2000	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Developing countries										
North Africa	77	6	70	7	67	9	67	11	67	12
Sub-Saharan Africa	82	57	81	54	79	51	76	46	74	42
South and East Asia	83	34	79	32	76	29	75	27	75	26
South Asia	85	32	80	28	77	25	76	22	76	21
East Asia newly-industrialized countries	73	26	68	32	67	35	71	36	71	37
Others	80	41	75	42	72	41	72	39	73	38
West Asia	79	7	74	9	71	12	70	14	68	16
Mediterranean	80	51	75	45	73	40	72	39	71	40
Western hemisphere	77	18	72	20	69	25	69	25	68	26
Subtotal, developing countries	82	34	77	32	74	31	74	29	73	28
China and Asian planned economies	87	60	84	61	80	61	82	63	81	63
Developed market economies	77	36	69	36	66	41	67	42	67	41
Centrally planned economies of Europe	59	56	63	60	64	60	64	58	62	56
World total, 150 countries	79	43	75	42	73	43	74	42	73	40
Least developed countries	86	39	83	38	79	37	78	34	76	32

Source: Department of International Economic and Social Affairs of the United Nations Secretariat, based on country data from ILO, Economically Active Population, 1950-2025, Geneva, 1986.

a/ Labour force divided by population aged 10 and over, weighted by population aged 10 and over.

80. Persons aged 25 to 59 comprised 65 per cent of the world labour force in 1985 and will account for virtually all of the labour force increase in the 1990s. That group is projected to increase in the 1990s at the same rate as in the 1980s - or higher - in most regions, except Latin America, where the annual growth rate is projected to decline from 3.2 to 2.9 per cent. The projected annual rates of increase for other regions are between 2.7 for the developing countries in Asia and 3.0 per cent for Africa.

81. The age between 15 and 24 is critical, as it is then that young peple are integrated into their communities. In times of rapid social and economic change, family bonds weaken as the traditional values of parents seem less relevant to the problems of the young. Employment opportunities are critical for the absorption of the next generation. When young men and women come to maturity without opportunities to work and to make reasonable lives for themselves, discontent among young people becomes a source of social disruption.

82. In many countries, a growing youth cohort has in the past 10 years encountered recession and slow economic growth. The growth of the youth cohort is already declining, but young people with low skills will have great difficulty finding entry-level jobs in the 1990s.

83. Youth unemployment in developing countries can be tackled effectively only in a context of vigorous economic growth. Public and private programmes can be geared towards making youth employable. The most critical needs are faced by rural youth. There is a general lack of basic amenities in rural areas, with few organizations specifically for young people, contradictions between aspirations and traditional values and systems, and often limited access to land. Efforts to improve rural living conditions in general can slow migration to urban areas and provide greater opportunities for youth.

E. Health

84. The cumulative effects of improvements in living conditions on health conditions is often summed up in average life expectancy at birth, which in turn is determined by specific death rates, weighted heavily for infant mortality rates. Table 34 contains estimates of average life expectancy at birth, the crude death rate, and the infant mortality rate.

1. Life expectancy and infant mortality

85. Over the decades there has been a reduction in disparities in average life expectancy at birth between developed and developing countries. Improvements in average life expectancy begin to become extremely slow beyond 70 years, while at earlier points progress can be much faster. Consequently, the average life expectancy at birth in developing countries tends to converge with that in developed countries (see table 34). Yet there will continue to be substantial regional differences. Africa will have the lowest rate in 2000, just as at present.

86. Infant mortality rates (the number of deaths of children under one year of age per 1,000 live births) are expected to continue their decline while maintaining the present patterns of disparity. They will continue to be highest in Africa.

Table 34. Crude death rate, life expectancy and infant mortality rate for world and major areas, medium variant, 1950-2000

Period	World	More developed regions	Less developed regions	Africa	Latin America	North America	Asia	Europe	Oceania	USSR
				Life expectancy at birth (both sexes, in years)						
1980-1985	59.6	72.3	57.6	49.9	64.5	75.5	61.7	74.2	68.8	69.5
1995-2000	64.5	75.4	63.1	55.7	68.7	77.0	65.5	75.9	70.8	72.1
				Crude death rate (per 1,000 population)						
1980-1985	10.4	9.6	10.7	16.4	8.0	8.5	9.8	10.5	8.1	10.7
1995-2000	8.7	9.5	8.5	12.0	6.7	8.7	7.9	10.3	7.9	9.5
				Infant mortality rate (per 1,000 live births)						
1980-1985	79	16	89	116	63	11	83	15	31	24
1995-2000	58	11	64	88	44	7	57	9	21	17

Source: World Population Prospects: 1988 (United Nations publication, Sales No. E.88.XIII.7).

2. Nutrition

87. Figure V contains projections of per capita food demand in 94 developing countries in the year 2000. In table 35, the 94 countries are distributed by level of calorie intake, i.e., the calorie equivalent of all food commodities directly consumed by people. They do not include the intermediate demand for food material, for example, feed to livestock. The aggregate demand for food and feed would probably grow faster than that for direct human consumption, particularly in the middle-income developing countries, where diets can be expected to become more varied as incomes rise.

88. As shown in table 35, not all countries presently at the bottom of the scale are expected to shift into the echelon over 1,900 calories. Four African countries with 117 million people may continue to be in "critical nutritional situations". This picture, however, may change substantially if rapid changes move these countries out of their current difficulties and unsettled political conditions.

89. There should be significant gains in many countries presently in the middle ranges of per capita food availability. In the year 2000, nearly 1.2 billion persons would live in countries with calories in the middle range of 2,300-2,500, compared to 300 million at present. This group could include the second most populous developing country - India - which has had slow long-term growth in per capita food availability (0.3 per cent per year over the last 25 years). 23/

90. Projections in table 36 indicate that in developing countries the reduction in the share of populations classified as undernourished would continue very much as in the past. There are, however, important differences among regions. Most of the expected progress would be in Asia (not including China, Laos, People's Democratic Republic and Viet Nam, for which data were not available), where there would be a reduction not only in the proportion of the population undernourished but also in the number undernourished. In Western Asia, North Africa and Latin America improvements are expected to be much slower than in the past and the number undernourished may increase marginally with the incidence of undernourishment at fairly low levels (4.6 per cent and 8.0 per cent in the two regions, respectively). In Western Asia the proportion of the undernourished population would remain high in only a few of the poorest countries.

91. In contrast, problems of undernourishment would continue to be severe in sub-Saharan Africa, where the absolute numbers below 1.2 (basal metabolic rate) would increase by one third between 1983-1985 and 2000.

Figure V. Developing countries, calories per capita per day, 1983/1985 and 2000

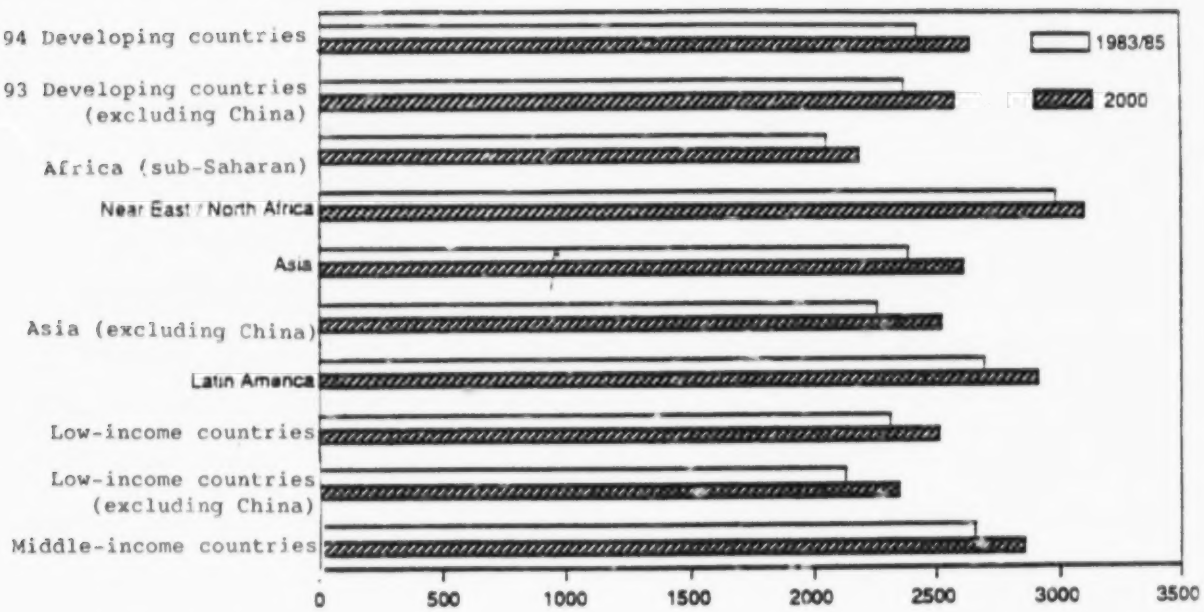


Table 35. Distribution of 94 developing countries by calories per capita per day

	1983/85	2000 (projected)
Under 1,900 calories		
Number of countries	9	4
Population (millions)	196	117
1,900-2,500 calories		
Number of countries	50	42
Population (millions)	1 446	1 868
Over 2,500 calories		
Number of countries	35	48
Population (millions)	1 859	2 737

Source: FAO, Agriculture Toward 2000 (revised version 1987), C87/27, July 1987, p. 61.

Table 36. Estimates of undernourishment: 89 developing countries

	1969/1971	1979/1981	1983/1985	2000
I. Below 1.2 BMR		% of population		
89 Countries	18.6	14.7	14.6	10.5
Africa - sub-Saharan	23.5	21.9	26.0	20.3
Western Asia/North Africa	15.7	6.7	5.6	4.6
Asia	198.5	15.6	14.3	8.7
Latin America	12.7	9.8	9.5	8.0
		Number of persons (millions)		
89 Countries	316	320	348	353
Africa - sub-Saharan	63	78	105	137
Western Asia/North Africa	28	16	15	18
Asia	190	191	191	155
Latin America	35	35	37	43
II. Below 1.4 BMR		% of population		
89 Countries	27.0	21.8	21.5	15.6
Africa - sub-Saharan	32.6	30.6	35.2	28.7
Western Asia/North Africa	22.9	10.8	9.1	7.6
Asia	28.7	23.5	21.8	13.9
Latin America	18.5	14.6	14.2	11.6
		Number of persons (millions)		
89 Countries	460	475	512	532
Africa - sub-Saharan	86	110	142	194
Western Asia/North Africa	41	25	24	29
Asia	281	288	291	246
Latin America	51	52	55	62

Source: FAO, Agriculture Toward 2000 (revised version 1987), C87/27, July 1987, p. 66.

Note: The basal metabolic rate (BMR) is the energy level necessary to maintain the body at rest. A critical limit is set at 1.2 BMR, roughly 1,900 calories, for a male adult, below which individuals are most likely to suffer from some form of energy deprivation since their calorie intake is not sufficient to allow for a healthy life with minimal physical activity. An energy intake of 1.5 times the BMR is assumed to be sufficient to maintain the vital functions of the body, to provide for the growth of children and adolescents, and to support certain minimal activity for adults. This level is roughly equivalent to 2,380 calories (for a male adult), and it is assumed that an individual receiving an intake below this level cannot easily adjust by reducing activity. Thus, having no margin of safety, the individual will start losing weight. See FAO, "Population, resources and development", in Population, Resources, Environment and Development: Proceedings of the Expert Group on Population, Resources, Environment and Development, Geneva, 25-29 April 1983 (United Nations publication, Sales No. E.84.XIII.12), pp. 284-285.

3. Housing and sanitation

92. The construction of new permanent dwellings 24/ is highly correlated with levels of per capita income and investment. During the early 1980s, in a sample of 45 low-income developing countries, there was less than one new permanent dwelling for every 10 additional households; in middle-income countries there were 4 new dwellings per 10 households, and in the higher-income countries there were 9 per 10. About 90 per cent of the additional households in the low-income countries had to double up in existing shelters or find new, temporary shelter, typically in squatter settlements lacking adequate water supply and sanitation. Although the situation in the higher-income countries was more satisfactory, their construction of permanent dwellings was not enough to accommodate all of the additional households, nor to allow for replacement of the oldest stock and to accommodate rural-urban migration.

93. If present policies on housing construction continue along with low investment and economic growth, little increase in the number of new permanent dwellings per new household can be expected in the low-income developing countries, and only a moderate improvement (one new unit for every two additional households) is projected in the middle-income countries by the late 1990s (see table 37). In the high-income developing countries, the outlook is better, even with slow economic growth. 25/

94. The quantity and quality of housing is generally satisfactory in the developed market economies. The rate of housing construction has been higher than household formation, and the scarcity of dwellings that existed after the Second World War has been almost completely eliminated. By 1985 there were over 400 dwellings per 1,000 inhabitants in most developed market economies. The construction of new dwellings is expected to continue to outpace the formation of new households in the 1990s (see table 37). However, many low-income and even moderate-income households will face increasing difficulty in finding affordable housing, particularly in large metropolitan centres with high costs of land and construction, and in cities of various sizes where rent controls and other development restrictions discourage the production of new, moderate-priced housing.

95. Inadequate housing supply is considered to be the most pressing social problem in Eastern Europe. The time spent on waiting lists for an apartment is about 5 years in Czechoslovakia and ranges from 4 to 10 years in Hungary and from 15 to 30 years in Poland, according to national sources.

Table 37. New permanent dwelling units per new household a/

Country group	1985-1989	1990-1994	1995-1999	Number of countries	1980 population (millions)
Developing countries					
North Africa	0.78	0.80	0.85	3	67
Sub-Saharan Africa	0.08	0.07	0.07	8	159
South and East Asia	0.37	0.51	0.67	7	112
East Asia newly-industrialized countries	0.84	1.17	1.59	3	46
Others	0.07	0.09	0.09	4	67
West Asia	0.71	0.67	0.62	5	65
Mediterranean	0.91	0.99	1.10	4	68
Western hemisphere	0.24	0.26	0.32	18	221
Total, developing countries	0.38	0.41	0.45	45	693
Least developed countries	0.05	0.04	0.05	3	45
Developed market economies, total	1.43	1.75	2.23	25	768
excluding South Africa	1.48	1.82	2.33	24	740
South Africa	0.19	0.19	0.20	1	29
Centrally planned economies of Europe	1.49	1.70	1.83	7	375

Source: United Nations, Department of International Economic and Social Affairs, Construction Statistics Yearbook 1984, New York, 1986 (United Nations publication, Sales No. E.86.XVII.20), and earlier volumes, and United Nations, Department of International Economic and Social Affairs, "Estimates and Projections of the Number of Households by Country, 1975-2000" (ESA/P/WP/73), annex tables 1 and 5.

a/ The ratio of the number of permanent new dwelling units reported during the calendar years indicated, divided into the corresponding increase in the number of households.

F. Education

96. In education, projections point to considerable progress in the 1990s, although the number of illiterates will continue to grow and the least developed countries are likely to fall short of universal primary education by 2000.

1. Illiteracy

97. In 1985 approximately 105 million school-age children (6 to 11 years old) did not participate in formal education. Of these, 70.2 per cent were in developing countries and 60 per cent were girls. If current trends continue, by the year 2000 the number of out-of-school children will almost double to approximately 200 million.

98. The decade of the 1990s will begin with more than 25 per cent of all adults illiterate (see table 38). With more than 100 million children out of school, adult illiteracy will remain a widespread problem well into the next century. In the year 2000 an estimated 912 million adults (15 years and over) will be illiterate. More than 98 per cent of them, about 900 million of the world's illiterates, will live in developing countries. Asia will remain at the core of the problem with 693 million illiterate; Africa will have 168 million, and Latin America and the Caribbean region 38 million. The industrial countries will have about 14 million illiterate, but the position of these individuals is particularly disadvantageous in relation to the skill requirements of their societies. 26/

99. Women are disproportionately highly represented in these numbers. A majority of the world's illiterates live in rural areas or urban slums and most of them live in poverty.

Table 38. Illiteracy rates by region

(estimates and projections)

Region	1970			1980			1990			2000		
	No.	Rates	Fem.	No.	Rates	Fem.	No.	Rates	Fem.	No.	Rates	Fem.
World total	760	33	58	824	29	60	882	25	60	912	22	60
Industrial countries	29	4	62	23	3	61	17	2	64	14	2	64
Developing countries	731	48	58	801	40	60	865	34	60	898	28	60
Africa	140	71	58	156	60	60	165	48	62	168	35	62
Asia	551	44	58	604	38	60	659	32	60	693	28	60
Latin America & the Caribbean	44	27	57	44	20	57	42	15	57	38	10	55
Least developed countries a/	95	81	56	110	73	57	25	62	60	137	51	60

Source: UNESCO, projections based on 1982 assessment.

Note: No. denotes number of illiterates of both sexes, aged 15+ (in millions)
Rates denotes rates of illiteracy among both sexes, aged 15+ (in percentages)
Fem. denotes females as a percentage of total illiterates aged 15+

a/ Data for least developed countries also included in regions.

/...

2. Primary education

100. Estimates of first, second and third level enrolment rates for females and males in 1990 and 2000 are shown in tables 39, 40, and 41. These estimates assume that the relation between growth in enrolment rates and GDP per capita between 1970 and 1985 will continue to the year 2000. 27/ Under these assumptions, gross primary enrolment rates (ratio of all students enrolled in a given set of classes, irrespective of age, to the number of students in the prescribed age group) would reach 100 per cent or more for boys and 90 per cent or more for girls by the year 2000 in all subregions except sub-Saharan Africa, where the average rate for girls would be 76 per cent and for boys, 90 per cent. In the least developed countries the rate would be 62 per cent for girls and 76 per cent for boys. As the net enrolment rates are likely to remain 10 to 20 percentage points lower than the gross, there will still be very large numbers of primary-school age children not enrolled in school in these countries.

3. Secondary and tertiary education

101. On the same assumptions as made in the earlier paragraph, gross enrolment ratios at the second level would be 48 per cent for males and 41 per cent for females in most subregions. However, the corresponding ratio for females would be 13 per cent in the least developed countries, 14 per cent in sub-Saharan Africa and 31 per cent in South Asia; for males, 22 per cent in the least developed countries and 30 per cent in sub-Saharan Africa, though 49 per cent in South Asia. In the developed countries as a whole and in the East Asia newly-industrialized countries, the gross enrolment rate for both males and females will be over 90 per cent.

102. Third-level gross enrolment ratio for males would vary from 10 to 21 per cent in the year 2000 in developing countries, except in sub-Saharan Africa (3 per cent) and the least developed countries (5 per cent) (table 41). For females the corresponding ratios would be considerably lower.

103. The costs of providing universal primary education and adequate secondary and tertiary education are prohibitive on the basis of current estimates of cost per student in low-income countries. However, some-low income countries, including China, Sri Lanka, the United Republic of Tanzania and Viet Nam, have achieved high school enrolment and literacy levels at reasonable cost. A more rational use of resources should enable other countries to achieve similar results. That will require Governments to extend educational facilities to all sectors of society and in many instances to reassess priorities among the first, second and third levels of education. Such reassessment will be all the more important in countries where second and third levels have been expanded to benefit urban high-income groups at the cost of universal primary education. In the developed countries, the emphasis will generally be on the nature and content of education rather than its spread. In the face of rapid changes in technology fresh attention will also need to be given to means of renewing skills in the population as older skills become obsolete.

Table 39. First-level gross enrolment rates, 1970-2000 a/

(percentage)

Country group	Number of countries	Female					Male				
		1970	1980	1985	1990	2000	1970	1980	1985	1990	2000
Developing countries											
North Africa	4	54	69	77	80	91	86	98	100	101	102
Sub-Saharan Africa	41	36	68	67	69	76	56	89	84	86	90
South Asia	5	50	60	68	75	88	84	91	98	97	100
East Asia	10	84	100	107	107	105	93	108	110	109	105
West Asia	5	49	78	94	97	103	90	106	112	109	106
Mediterranean	3	97	94	108	108	110	119	102	113	111	109
Western hemisphere	24	92	106	106	108	112	95	108	110	111	112
Subtotal, developing countries	92	62	77	82	85	92	84	97	100	100	100
Least developed countries	29	33	48	51	55	62	55	71	69	71	76
China	1	81	103	114	115	115	97	121	132	127	117

Source: Department of International Economic and Social Affairs of the United Nations Secretariat, based on country data for 1985 or the most recent available year, and for the nearest available year to 1970 and 1980, from UNESCO, Statistical Yearbook 1987, table 3.2, and earlier volumes, and UNICEF, The State of the World's Children 1988, table 4. The projections for 1990 and 2000 are based on the baseline scenario for country GDP growth.

a/ Country group rates are averages of the rates of individual countries weighted by the population aged 6 to 11.

/...

Table 40. Second-level gross enrolment rates, 1970-2000 a/

(percentage)

Country group	Number of countries	Female					Male				
		1970	1980	1985	1990	2000	1970	1980	1985	1990	2000
Developing countries											
North Africa	4	15	31	42	43	49	32	49	59	60	66
Sub-Saharan Africa	41	3	11	14	14	14	9	20	29	29	30
South Asia	5	14	20	21	25	31	34	37	41	44	49
East Asia newly industrialized countries	3	33	70	88	97	99	49	78	93	96	98
Other East Asia	7	20	21	38	41	49	26	38	44	46	53
West Asia	5	17	34	39	39	42	37	56	59	59	62
Mediterranean	3	28	40	43	47	51	47	56	61	64	68
Western hemisphere	24	26	42	48	49	52	27	41	45	46	49
Subtotal, developing countries	92	16	26	30	32	35	28	38	43	44	47
China	1	18	37	32	41	57	30	54	45	53	67
Least developed countries	29	6	9	10	11	13	16	18	20	21	22
Developed market economies	23	79	87	92	95	97	80	84	91	93	96
Centrally planned economies of Europe	5	55	72	75	78	85	55	68	69	71	77
World total	122	28	38	39	42	46	38	49	50	52	56

Source: Department of International Economic and Social Affairs of the United Nations Secretariat, based on country data for 1985 or the most recent available year, and for the nearest available year to 1970 and 1980, UNESCO, Statistical Yearbook 1987, table 3.2 and earlier volumes. The projections for 1990 and 2000 are based on the baseline scenario for country GDP growth.

a/ Country group rates are averages of individual countries rates weighted by the population aged 12 to 17.

.../

Table 41. Third-level gross enrolment rates, 1970-2000 a/

(percentage)

Country group	Number of countries	Female					Male				
		1970	1980	1985	1990	2000	1970	1980	1985	1990	2000
Developing countries											
North Africa	5	2.7	7.0	9.8	9.8	11.9	8.0	15.7	18.7	18.5	20.8
Sub-Saharan Africa	40	0.2	0.6	0.8	1.0	1.3	0.9	2.1	2.7	2.7	2.9
South Asia	5	2.6	3.9	4.2	5.4	7.2	8.0	10.6	11.3	12.5	14.4
East Asia newly industrialized countries	3	4.0	7.8	17.9	20.4	24.3	11.2	21.1	38.3	41.3	45.6
Other East Asia	7	4.9	8.4	13.1	14.0	16.4	5.5	10.5	15.3	16.3	18.7
West Asia	5	1.0	4.7	5.7	5.8	7.0	6.1	9.6	10.6	10.4	11.7
Mediterranean	3	6.2	8.5	9.2	10.1	11.8	12.7	13.0	14.3	15.3	17.1
Western hemisphere	24	4.8	12.0	14.6	15.0	16.3	8.8	15.9	17.4	18.0	19.4
Subtotal, developing countries	92	3.0	5.8	7.4	8.1	9.4	6.8	10.7	12.6	13.2	14.3
China	1	0.1	0.6	1.0	3.6	8.2	0.1	2.0	2.2	5.0	10.2
Least developed countries	29	0.6	1.1	1.5	2.0	2.8	1.7	3.1	4.2	4.7	5.4
Developed market economies	24	20.5	35.3	38.2	38.0	40.6	32.6	39.2	39.4	39.7	42.1
Centrally planned economies of Europe	7	21.5	21.0	21.2	22.1	24.2	22.7	19.5	20.8	23.1	
World total	124	7.4	10.7	11.3	11.5	13.5	11.7	14.0	14.4	14.8	17.1

Source: Department of International Economic and Social Affairs of the United Nations Secretariat, based on country data for 1985 or the most recent available year, and for the nearest available year to 1970 and 1980, UNESCO, Statistical Yearbook 1987, table 3.2 and earlier volumes. The projections for 1990 and 2000 are based on the baseline scenario for country GDP growth.

a/ Country group rates are averages of individual countries rates weighted by the population aged 20-24.

/...

104. In the newly industrialized countries of East Asia, gross enrolment ratios at the second level are expected to exceed those in the developed market economy countries in the year 2000. In contrast, in the least developed countries, these ratios will remain below those of other developing countries in 1970. Except in China, East Asia and the Western hemisphere, the enrolment ratio of girls in secondary education in developing countries will remain substantially lower than that of boys in 2000. The most rapid growth in enrolment at the tertiary level is expected in China.

4. Implications for policy

105. Many Governments in developing countries have made great progress towards universal education and literacy, which are recognized to be the very basis of human resource development. Others have not given it the same priority in the allocation of scarce public funds, finding other needs more urgent, and in many countries schools and even teachers' colleges are today in acute crisis, lacking for books and other essentials.

106. Difficult policy choices arise. If standards and practices of richer countries are copied, the cost of schools and teachers can rise to levels incompatible with the economic situation.

107. Higher education is so much more expensive than primary education that it is often asked whether countries without universal primary education should spend so much on high-level training. All countries need second and third level education as well, but there is no simple rule for the balance between them, as the social returns to such investments cannot be reliably assessed.

108. Whether education should be provided at public expense or not is another essential policy issue. Primary education is considered to have such major social benefits, apart from those to the individual, that it is not only free but in many countries compulsory. Secondary and tertiary education tend to raise the earning capacity of students so much that the private returns may exceed the social ones. The strong demand for such education then justifies charges and non-governmental institutions, as is indeed the policy in many countries.

109. The content of education is also controversial and there is a natural concern to make it relevant. In some cases this ambition is also directed towards solving the financial problem by making schools into self-reliant farms.

110. Formal education is not the only channel by which knowledge and technology is transmitted, perhaps not even the most important. Values and traditional knowledge have other channels, and there is much learning on the job. But in societies in transition, and in times of rapid technological change, great investments in education have been the key to development

G. Conclusions

111. There is a strong correlation between economic and social conditions. In general, in countries where the GDP per capita is high social indicators are also high. However, there are significant exceptions. Several developing countries with low GDP per capita have been able to secure some social conditions which are not far distant from those in high-income developed countries. These achievements are due to the nature of patterns of development fostered in the latter group of countries, especially public intervention to secure more egalitarian patterns of growth and access to social services, including the provision of nutrition, health and education.

112. In many developing countries both economic and social progress have been held up during the 1980s, especially in sub-Saharan Africa and Latin America.

113. New priorities will arise from the growth of population and changes in its composition. A rapidly growing labour force will seek productive employment, more care will be needed for the aged, and the young will need more education and services. The growing complexity and technical sophistication of all economies will require adequate training of the labour force.

114. In those matters Governments have an overriding responsibility, but the active participation of private institutions will also be an essential component of programmes in economic and social development. Diversity is called for in ways of providing education, health, housing and other social services. In these endeavours, there is much to be learnt from the varied experience in both developed and developing countries.

III. THE IMPACT OF STRUCTURAL ADJUSTMENT AND EXTERNAL INDEBTEDNESS ON THE SOCIAL SITUATION

115. In its resolution 40/100 of 13 December 1985 on the world social situation, the General Assembly noted with deep concern the continuing deterioration of the world economic and social situation, in particular in the developing countries, whose position had been worsened by, inter alia, crushing debt burdens and restrictive adjustment processes demanded by financial and development institutions. An attempt is made in this chapter to trace the impact of structural adjustment and the external indebtedness of developing countries on the social situation.

A. The call for structural adjustment

116. Structural adjustment, "that wrenching change in economic policy forced by the debt crisis and the economic slowdown of the 1980s", 28/ has been undertaken by more than 55 developing countries so far. In that sense structural adjustment differs from structural change, which economies undergo as they develop over the long term. In these processes the sectoral composition of output and employment change dramatically over relatively long stretches of time. Structural adjustment also differs in content and purpose from short-term adjustment in the economy to accommodate changes, especially adverse ones, in the balance of payments. The purpose in these instances is to reduce the imbalance in the current account of the international balance of payments and the main policy content is one of compressing domestic absorption. In contrast, structural adjustment as the term has come to be understood in recent years has been a response to different needs and comprise several elements.

117. The most important was the need to service an external debt which in many countries grew enormously both absolutely and in relation to the gross national product (GNP) and export proceeds. The external debt of 111 developing countries grew from $572 billion in 1980 to $1,155 billion in 1988. 29/ The ratio of this magnitude to GNP was 28 per cent in 1981 and 44 per cent in 1989 having risen to a maximum of 51 per cent in 1987. In the 26 severely indebted low-income countries (of which 24 are in Africa), the ratio of external debt to GNP rose from 25 per cent in 1980 to 111 per cent in 1988. In the 27 countries in Latin America and the Caribbean the corresponding ratio rose from 35 per cent in 1980 to 60 per cent in 1985, falling to 49 per cent in 1988. The ratio of interest payments to GNP in the severely indebted low-income countries grew from 1.4 per cent in 1980 to 3 per cent in 1988; the ratio of total debt service to exports rose from 5 per cent in 1983 to 13 per cent in 1988. In the Latin America and Caribbean group the ratio of interest payments to exports rose from 20 per cent in 1980 to 24 per cent in 1988 and the ratio of total debt service rose from 37 per cent in 1980 to 40 per cent in 1988. In order to effect these larger transfers abroad, export earnings had to expand while imports, other than payment of interest and capital, were curtailed. Servicing these larger external debts, most of which were or became government liabilities, required the Government to secure the necessary resources in one way or another and the economy to transfer the resources to the rest of the world. In many instances, financial assistance from the International Monetary Fund and the World Bank, and credits from

commercial banks and donor countries, were made available to countries on condition that they undertook such structural adjustment.

118. External debt problems themselves have been a major constraint on the efforts of developing countries to restructure their economies. 30/ The net outflow of resources as interest, fees and capital repayment deprived indebted countries of resources which otherwise would have gone into investment. 31/ Consequently, gross domestic investment per capita - which is an important measure of the addition to productive capacity of national economies - fell by 40 per cent in Latin America and by 75 per cent in Africa between 1980 and 1986. 32/ Further, by raising questions about debtor countries' longer-term creditworthiness and solvency, the outsized and growing debt overhang of many developing countries has been a major factor in deterring foreign direct investments, and in encouraging continued capital flight from some countries.

119. A second reason for undertaking structural adjustment was to ensure a more productive use of resources. In order to secure this objective, it was often found necessary to reduce the use of resources by government because Governments were perceived as less efficient users of resources than the private sector. This also tied in with the need to reduce government expenditure other than interest on public debt. In addition, government intervention in economic activity was considered cumbersome and wasteful, resulting in the misallocation of resources between uses and in the emergence of a bureaucracy that delayed decisions and acquired some portion of the output of enterprises. State enterprises were to be transferred to the private sector. Where they had been maintained with subsidies from Governments, again there were opportunities for reducing government expenditure. In Mexico, the number of State enterprises was reduced from 1,200 to 300 during 1988-1989. 33/ A further means of reducing government intervention was to cut consumer subsidies. That step not only reduced government expenditure but also was expected to ensure that users would now pay a price closer to opportunity cost than earlier. Taxes, especially on export commodities, which secure for the State substantial proportions of value added, were to be reduced with the same objective of permitting market prices to determine the allocation of resources. These policies for structural adjustment were the consequence of a wider shift among policy-makers to consider the price mechanism as a more efficient instrument for the allocation of resources and obtaining better returns from the use of resources.

120. A greater reliance on the "right prices", and the need to reduce government expenditure and raise revenue, all meant changes in certain key prices. Among them, the most important were the exchange rate, interest rates, prices for food, fuel and transport, and users' fees for services, including education and health. The foreign currency price of the domestic currency was lowered, principally to make exports more attractive to foreigners and more profitable to domestic producers and to make imports more costly to domestic users and their production more profitable to domestic enterprises. A more realistic exchange rate was also expected to arrest the flight of capital abroad in expectation of gaining from possible devaluations. Capital flight in the period 1983-1987 from Argentina was estimated at $87 billion, from Brazil $15 billion, from Mexico $35 billion, from Peru $3 billion and from Venezuela $19 billion. 34/ Interest rates were raised to

provide real interest rates which, in place of administrative decisions, were expected to ration the supply of credit. Other similar price increases were expected to bring the new prices closer to market prices and thus contribute to the emergence of efficient markets in substitution for regulation and bureacratic allocation.

121. Structural adjustment also entailed less quantitative and discretionary controls on developing countries' international trade. For example, in 1987 in Mexico, quantitative restrictions applied to no more than 24 per cent of all imports, the maximum tariff having been reduced from 100 per cent to 20 per cent and the average tariff from 23 per cent to 10 per cent. 35/ It was expected that more open markets would subject domestic enterprises to competition with commodities from the most productive enterprises, wherever they were located in the world, and that changes in the exchange rate would, by and large, compensate for differences in inflation rates between domestic and foreign markets.

122. Adjustment of the magnitude undertaken in developing countries this decade must be expected to have a marked impact on the social situation. Some of the consequences were discussed in the 1989 Report on the World Social Situation, especially in chapter IV. Alarms were raised both by domestic and international agencies on the impact of these policies on selected groups in society. Reports about deteriorating conditions for vulnerable groups in developing countries experiencing economic set-backs have noted a rising incidence of malnutrition, declining school enrolment, and deteriorating health services for the poor. The plight of children has attracted special attention, and UNICEF, in a series of reports on the state of the world's children and other publications, 36/ has highlighted the need for "adjustment with a human face". In response, both Governments and intergovernmental lending institutions have modified structural adjustment policies to soften adverse impacts on the poor by targeting support policies towards vulnerable groups.

B. A combination of factors affecting the social situation

123. The actual social situation in developing countries is the result of various factors, many of which were enumerated in General Assembly resolution 40/100 and Economic and Social Council resolution 1989/72. The difficulties of social advancement in many developing countries, especially in sub-Saharan Africa, have been severely aggravated during the decade of the 1980s by disasters both natural and man-made, including drought and civil war and ethnic violence. During the severe drought in sub-Saharan Africa in 1983-1985 "more than one million people lost their lives, some 250 million were seriously affected and nearly 40 million of them faced severe famine, malnutrition, debilitating disease and epidemics ... Over ten million people were displaced from their lands and homes ... the refugee population swelled to over 5 million ... swarms of locusts and other pests destroyed millions of hectares of new crops and renewed Africa's food deficit situation." 37/ The number of persons forced to flee from political conflicts and concentrated as refugees was reported in mid-1988 as 96,000 in Angola, 700,000 in Ethiopia, 840,000 in Somalia, 759,000 in the Sudan and 266,000 in the United Republic of Tanzania. 38/

124. These events both reduced supplies in the economy and raised the demand for resources, in particular those provided by Governments. In most instances there was a worsening in the social situation, irrespective of the pace and nature of structural adjustment.

125. Secondly, policies designed to stabilize prices in several developing countries to overcome serious problems of inflation by cutting down domestic demand have adversely affected the social situation in two ways: first, by slowing down growth in output and incomes, which in turn reduces living standards, and secondly, by cutting government expenditures, including those on social services.

126. Thirdly, the large and growing external debt of developing countries in the 1980s had serious effects on the economic and social situation: the net outflow of resources from developing to developed countries to service the external debt reduced the GDP available for domestic uses, both consumption and investment (see figures I and II); and public sector resources had to be diverted from domestic uses to pay interest on the public debt owed abroad, reducing public expenditure among others on social services (see table 42).

127. Finally, structural adjustment policies affected social conditions because changes in the economic structure reward some economic agents at the cost of others: cuts in government expenditure affect recipients of subsidies and of other social services, fees charged for services provided earlier for free reduce real incomes, and reduced government employment also reduces income. At the same time there are gains accruing to producers of tradeable goods and services, generally to persons whose tax burdens are reduced and to persons who secure employment in new small-scale enterprises, among others. There is no research to date on the basis of which these groups can be identified and gains weighted against losses. One of the dangers, which has been well highlighted, is that the economically weakest and the most vulnerable may have been hurt in the process of adjustment.

128. The problems have been exacerbated by the combination of these four processes. Structural adjustment would in any case be socially painful, but less so in a rapidly expanding economy than in a stagnating or contracting economy; less painful where there are net inflows of capital rather than outflows; and less painful where aggregate demand can be allowed to expand with no fear of inflation than where expenditure must be checked to stabilize prices. Further, structural adjustment policies, in many developing countries, have had to be adopted in a period of serious drought reducing output and incomes, of a drastic fall in terms of international trade reducing incomes and import capacity and a sharp rise in interest rates in real terms and net interest payment abroad reducing domestic output available for domestic uses. External indebtedness and the loss of access to capital markets have compounded this problem.

129. In contrast, some economies in Asia (Indonesia, Malaysia and Thailand) have adopted durable, voluntary and consistent programmes of structural adjustment. It is noteworthy that they suffered neither from high rates of inflation nor from an involuntary net outflow of resources to the rest of the world. Their tasks were made easier by their stable policy environment, effective business-government co-operation, weak or controlled labour movements, and other conditions that have

Table 42. Central government expenditure on social services and interest on public debt

	Proportion (%) in total government expenditure				Ratio (%) of government expenditure to gross domestic product					
	Social services		Interest on public debt		Total		Social services		Interest on public debt	
Developing countries	1981	1985	1981	1985	1981	1985	1981	1985	1981	1985
Africa										
Botswana	34.02	29.98	1.69	3.75	37.88	34.65	12.89	10.45	0.64	1.31
Kenya	33.36	28.97	7.57	14.88	29.58	26.11	9.87	7.56	2.24	3.89
Liberia	28.93	25.28 a/	5.90	15.19 a/	32.80	26.19	9.49	6.62	1.94	3.98
Malawi	19.08	19.81	13.60	19.34	34.44	30.40	6.57	6.02	4.68	5.88
Mauritius	26.13	37.31 a/	13.71	17.31 b/	31.25	24.23 a/	8.17	9.04	4.28	4.19
Morocco	25.20	26.03	9.44	15.73	40.27	33.31	10.15	8.67	3.80	5.24
Uganda	21.42	17.36	...	...	9.08	15.04	1.94	2.61	...	...
Asia										
Fiji	31.65	42.25	6.44	11.36	27.67	24.97	8.76	10.55	1.78	2.84
India	3.86	4.56 a/	9.63	13.23 b/	13.07	177.74 a/	0.05	0.81	1.26	2.35
Indonesia	11.61	14.55	3.11	13.33 a/	24.06	25.88	2.79	3.77	0.75	3.45
Pakistan	11.87	14.71	8.79	14.11	19.25	21.65	2.28	3.23	1.69	3.10
Papua New Guinea	27.39	28.64	7.77	9.30	38.63	32.48	10.58	9.30	3.00	3.02
Philippines	25.56	27.65	5.09	18.31	12.74	13.03	3.26	3.60	0.65	2.39
Singapore	34.86	33.80	9.08	8.60	22.65	29.25	7.90	9.89	2.06	2.52
Sri Lanka	29.03	24.90 a/	13.34	15.90 a/	30.47	31.71 a/	8.85	7.90	4.06	5.04
Thailand	28.50	30.58 a/	9.69	15.93 a/	19.01	19.37 a/	5.42	5.86	1.84	3.05
Latin America and the Caribbean										
Argentina	42.87	40.32	13.47	9.61	22.39	21.42	9.60	8.68	3.02	2.07
Chile	62.63	63.01	1.34	8.13 b/	29.45	29.75	18.44	18.75	0.39	2.42
Costa Rica	66.00	58.08	7.71	8.44	21.00	26.29	13.86	15.27	1.62	2.22
El Salvador	27.87	26.11 a/	5.66	8.22 a/	18.67	12.28 a/	5.20	3.21	1.06	1.01
Mexico	38.84	18.42 a/	13.10	58.38 a/	20.12	29.11	7.81	5.40	2.64	17.11
Panama	38.84	48.42	19.43	20.78	34.09	32.74	13.24	15.66	6.62	6.72
Uruguay	63.13	59.07	1.32	9.23	24.90	22.42	15.72	13.54	0.33	2.12
Venezuela	32.73	38.30	5.72	10.21	29.62	21.71	9.69	8.16	1.69	2.18
West Asia										
Bahrain	32.29	27.58 a/	0.61	2.17 a/	24.66	35.10	7.96	9.87	0.15	0.78
Egypt	25.79	30.51 a/	5.08	9.22 a/	46.02	41.06	11.87	12.53	2.34	3.79
Jordan	25.85	24.60	3.54	6.99	46.91	42.10	12.13	10.36	1.66	2.94
Kuwait	20.02	21.81 a/	-	-	34.99	55.19	7.00	12.19	...	...

Source: IMF, Government Finance Statistics Yearbook 1988.

a/ 1987 data.

b/ 1987 preliminary data.

strengthened investor confidence and encouraged substantial inflows of capital for productive investment. Economic growth has been sustained and the proportion of the population living in poverty reduced during the 1980s. 39/

130. Few policy-makers question the necessity for structural change in economies in developing countries, given the enormous changes brought about in world markets by changes in patterns of consumption and advances in technology. It is now well established, for instance, that the root cause of the economic and social crisis in Africa lies primarily in the structural imbalances and weaknesses of the African economy. 40/ Over the long term all growing economies change in structure, and those developing economies in Asia which grew rapidly over the past few decades have changed their structures markedly. Questions have been raised regarding the pace of adjustment, the policy instruments used to secure adjustment and the social consequences of the process. While efficient resource use, stable domestic prices and a sustainable external account are highly desirable objectives, the turnaround from highly controlled, less diversified and rigidly structured economies dependent on large capital inflows over sustained periods of time to economies capable of adjusting quickly and smoothly in a short period of time under severe resource constraints must be expected to exact a social cost.

131. Unyielding institutional constraints have often stood in the way of efforts at increasing efficiency, removing distortions and eliminating undesirable incentives. Groups of entrepreneurs who benefit from stringent government regulation of the economy, militant trade unions whose membership stands to lose from structural reforms, and bureaucracies which stand to lose both income and power consequent upon reforms have often obstructed the full implementation of these policies.

132. The fundamental premises underlying the policy prescriptions for structural adjustment are sometimes questioned. Devaluation of the exchange rate may contribute little to raising export earnings when production structures are undiversified and access to markets is governed by non-price factors. The problem is compounded when a simultaneous expansion of the output of one primary commodity by many adjusting countries leads to continuing adverse movements in their terms of trade. The response of an economy may also be slowed by inadequate physical and social infrastructure. Adequate transport and communication facilities, an educated labour force, a network of research and extension services, a reliable set of laws and courts and stable political conditions are necessary components of that infrastructure. The development of such facilities may in turn require, especially in the least developed countries, that functions of government expand rather than contract, as usually envisioned in adjustment programmes.

133. Consequently, it is not easy to isolate empirically changes in social conditions which can be unambiguously attributed to structural adjustment and external indebtedness. Futhermore, the full impact of structural adjustment policies on economic and social conditions will be worked out over the medium and the long term while short-term effects are more likely to be dislocating than settling. In addition, adequate information on social conditions in developing countries tracing the impact of structural adjustment and external indebtedness has yet to be compiled. Therefore, the following analysis will be rather tentative.

C. Public expenditure on social services

134. In developing countries public expenditure comprises the greater part of all expenditure on education and health. In primary education and health care, they are predominant. Changes in these expenditures involve consequences not only for individuals but also for society as a whole. In housing and community services and social security and welfare, private expenditure provides the major part of the resources. Government provision does affect especially vulnerable groups and is significant for several groups in society. Public finances in developing countries undergoing structural adjustment have been subject to heavy strain. Ideally, one should be examining changes in government expenditure on social services in real terms. However, since the derivation of these figures is still problematic in most developing countries, data in table 42, showing the proportion of government expenditure on social services and on interest on public debt and the ratio of these magnitudes to GDP, are used to arrive at some indication of the directions of changes in government expenditure on social services in real terms during the better part of the 1980s. It will be noted that data in table 42 cover only 28 countries and that that list does not include some of the poorest and the economically worst affected countries. Further, as the data refer to central government expenditure, which provides a lower proportion of total government expenditure on social services in larger countries (e.g. India and Mexico) than in smaller countries, intercountry comparisons cannot be undertaken. In this instance comparisons are over time for each country.

135. The first inference drawn from data in table 42 is that the proportion of total government expenditure spent on social services fell or stagnated in seven of the eight countries in Africa and in six out of eight countries in Latin America and the Caribbean. In Africa, there was an increase in Mauritius; in Latin America and the Caribbean in Panama and Venezuela. Table 42 and other data 41/ show that the proportion fell precipitously from 1981 to 1987 in Mexico (from 39 per cent to 18 per cent), substantially in Brazil (from 46 per cent to 33 per cent), Costa Rica (from 66 per cent to 58 per cent), the United Republic of Tanzania (from 22 per cent to 16 per cent) and Togo (from 34 per cent to 24 per cent) and by about 5 per cent in Uganda and Zambia during that period. In contrast, in Asia the proportion increased except in Singapore and Sri Lanka. During the same period the proportion of central government expenditure on interest on public debt (both domestic and foreign) rose in all countries shown in table 42, except Argentina and Singapore. In some the increase was dramatic: in Mexico (from 13 per cent to 58 per cent), Brazil (from 7 per cent to 29 per cent), and the Philippines (from 5 per cent to 18 per cent), and in Kenya and Togo (from 8 per cent to 15 per cent). Evidently there was a shift of expenditure from social services to interest on public debt.

136. This shift also resulted in a fall in the ratio of central government expenditure on social services to GDP and a rise in the ratio of interest on public debt to GDP. In Africa, the ratio of central government expenditure on social services to GDP rose only in Uganda; in Latin America and the Caribbean, only in Panama. In contrast, in Asia the corresponding ratio fell only in Papua New Guinea and Sri Lanka. Since in all countries in Latin America and the Caribbean shown in

table 42, GDP per capita fell during the period 1981-1988 (see tables 4 and 5), it is evident that central government expenditure on social services per capita in real terms fell in these countries. Parallel inferences cannot be drawn in respect of Africa because of the eight countries shown in table 42 only one appears in table 44. However, it has been observed by the World Bank that "after 1981-83, these expenditures (government spending per person in the social sectors) began to fall, reflecting the acute financial difficulties faced by an increasing number of governments". 42/

137. It is to be recalled that changes in the allocation in public expenditure took place when in several countries total public expenditure itself was kept in check in pursuit of the objective of domestic price stabilization. As shown in in table 42, the ratio of total government expenditure to GDP rose only in Uganda in Africa. In Latin America, the corresponding ratio rose in Costa Rica, Mexico and Panama. In Mexico, a nearly 50 per cent increase in the ratio of total central government expenditure to GDP notwithstanding, the ratio of central government expenditure on social services to GDP fell dramatically.

138. Increases in government expenditure were kept in check by two sets of forces. The first was that government current revenue did not expand to accommodate a growth in expenditure. As shown in table 43, notable increases in the ratio of central government current revenue to GDP took place only in Argentina, Botswana and Costa Rica, the circumstances in Uganda being exceptional. The ratio dropped sharply in Liberia and Venezuela. Secondly, in order to restrain domestic absorption, government budget deficits had to be kept in check. Of the 21 countries listed in table 44, in 19 the central government budget deficit (surplus), not including interest on public debt, fell (rose) substantially between 1981-1982 and 1986-1987. The drop was 15.8 per cent of GDP in Jamaica, 12.2 per cent in Nigeria, 10.9 per cent in Mexico, 8.6 per cent in the United Republic of Tanzania, 8.2 per cent in Zaire and 7.2 per cent in Ghana.

Table 43. Ratio (%) of central government current revenue to GDP, 1981 and 1986

Countries	1981	1986
Africa		
Botswana	34.28	55.22
Kenya	23.99	21.73
Liberia	22.11	17.25
Malawi	18.71	19.60
Mauritius	21.78	24.58 a/
Morocco	26.15	24.38
Uganda	2.00	9.35
Asia		
Fiji	24.16	21.44
India	12.07	14.14 a/
Indonesia	23.24	17.99 a/
Malaysia	27.38	22.58 a/
Pakistan	16.35	16.40
Papua New Guinea	22.10	22.13
Philippines	11.62	12.45
Republic of Korea	17.74	18.55 a/
Singapore	25.84	26.63
Sri Lanka	17.36	21.42 a/
Thailand	14.93	16.60 a/
West Asia		
Bahrain	31.03	30.53
Egypt	45.97	35.21 a/
Jordan	25.11	28.61
Kuwait	86.07	89.12
Syrian Arab Republic	22.57	24.53
Latin America and the Caribbean		
Argentina	16.76	20.42
Chile	30.49	28.06
Costa Rica	17.84	22.02
El Salvador	12.54	11.53 a/
Mexico	15.22	16.25
Panama	26.55	27.79
Uruguay	23.74	22.60
Venezuela	34.16	22.01

Source: DIESA, based on IMF Government Finance Statistics Yearbook 1988, volume XII.

a/ 1987 data.

Table 44. Primary budget balance a/ in selected developing countries

(percentage of GDP)

Country	Primary balance 1978-1979	1981-1982	1986-1987
Argentina	-0.9	-3.8	-3.44
Bolivia	-2.5	-3.5	..
Brazil	0.9	0.1	-1.2 b/
Chile	3.8	1.3	3.0
Colombia	0.3	-3.1	0.0
Costa Rica	-4.2	-0.3	-0.1
Ecuador	-1.0	-1.0	1.1
Ghana	-7.6	-5.2	2.0
Indonesia	-1.5	-1.0	0.6
Jamaica	..	-6.8	9.0 b/
Kenya	-3.9	-4.9	-1.9
Malawi	-6.7	-5.2	-1.1 b/
Mexico	-1.4	-7.6	3.3
Morocco	-8.1	-9.1	-3.1 b/
Nigeria	-0.4	-5.2	1.2
Peru	4.0	0.1	-2.7
Philippines	0.1	-3.2	0.4
United Republic of Tanzania	-10.4	-5.1 c/	-3.5 d/
Uruguay	0.4	-4.6	0.2
Venezuela	0.3	-0.8	3.0
Zaire	-5.7	-6.2	-2.5

Source: United Nations, Trade and development report, 1989, Sales No. E.89.II.D.14, p. 87.

a/ Consolidated central government. The primary deficit equals the total deficit less interest payments. A minus sign indicates a deficit.

b/ 1986.

c/ 1981.

d/ 1985.

D. Price changes

139. Price policies comprise an important component of structural adjustment policies. Prices of key commodities such as labour (wages), credit (interest), foreign exchange, energy and transport were allowed to be determined more actively by market prices and less by bureaucratic decision. Prices of goods and services provided by public enterprises were raised to reduce subsidies to these entities and to increase the proportion of self-financed operations. Prices of staple food commodities were allowed to rise through cuts in subsidies. Fees for services such as education and health were either introduced or raised. Producer prices governed by marketing boards in Africa and by similar arrangements elsewhere were raised to permit larger proportions of value added to accrue to producers rather than to government. Currency devaluation generally led to a rise in the prices of tradeable goods relative to others. Only selective comment on their social consequences can be made as there is yet no systematic analysis of these multifarious price changes.

140. Average real wages have fallen in most developing countries undertaking structural adjustment. The International Labour Organisation (ILO) reports that during the 1980s wages in real terms declined by 20 to 30 per cent in those countries. 43/ This was an economic necessity in the absence of rapid increases in productivity to make domestic production price competitive vis-à-vis the rest of the world. In Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Venezuela during the period 1980-1987, average labour income in real terms is reported to have fallen by 28 per cent. 44/ In Chile average real wages in 1987 were still lower than in 1970. In Latin America real minimum wages fell by 11 per cent in 1980-1985 and in Africa by 20 per cent in 1980-1986. 45/

141. Wages fell in both the private and the public sectors. "Now (1989) in several countries (in sub-Saharan Africa) public sector wages are barely enough for subsistence". 46/ The deterioration in wages in the public sector had some highly adverse economic consequences. Because of the fall in wages some 30,000 highly skilled people in sub-Saharan Africa are estimated to have left their countries between 1984 and 1987. Ghana lost some 7,000 and Zaire 4,000 teachers. 47/

142. The evidence is that although wages fell, employment increased. Formal sector employment in Africa increased by 1.0 per cent per annum and in Latin America by 1.8 per cent. 48/ Yet there were countries in which public sector employment fell substantially. In Ghana by the end of 1987, 72,000 had been retrenched as redundant. In developing countries as a whole, public sector employment continued to increase its share in the modern sector, and it is in the large private sector enterprises that employment fell. 49/ Employment in the urban informal sector in Africa increased by 7 per cent per annum and in Latin America by 5 per cent. 50/ "Low productivity activities in the informal sector increased both in absolute and in relative terms as did jobs created in small enterprises." 51/ The general tendency, then, was for the average wage to fall but for employment to rise, which is what one expected from structural adjustment. That the rate of increase in employment was less than the rate of fall in wages is testified to by the fall in the share of wage incomes in total incomes in the heavily indebted Latin American economies. The rise in interest rates and in domestic debt in developing countries would also have contributed to raise non-wage incomes.

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143. Currency devaluation, as noted earlier, increased remuneration in the tradeables sector relative to that in non-tradeables. One marked gain was that producers and traders, as in Ghana and Uganda most notably, came to conduct export and import trade through official channels rather than smuggle commodities to obtain more favourable domestic prices than obtainable at the official rate of exchange earlier prevailing. It is difficult to trace the generalized impact of these changes to improve efficiency and output in these economies through to their societal ramifications. In sub-Saharan Africa, where women tend to concentrate their labour on food crop cultivation 52/ and men on cash crops for export, the income gap between men and women probably widened consequent upon devaluation.

144. The effects of devaluation, higher taxes and lower subsidies, mitigated to some degree by reins on public expenditure, were to raise consumer prices generally. In Africa urban food prices rose dramatically, especially for rice and wheat, which are mainly imported and are far more important in the basket of goods of urban consumers than rural. 53/ In the United Republic of Tanzania, the price of maize and rice increased 13 times between 1977 and 1989. In Ghana, the food price index (1977 = 100) rose to 2,719 in 1985. In Zambia, the consumer price index for low-income urban dwellers rose by almost 3.5 times between 1982 and 1987. In Sri Lanka between 1977 and 1984 the open market price of rice rose 155 per cent, of wheat flour by 386 per cent, of milk powder by 345 per cent and of kerosene by 733 per cent. 54/ There were food riots, labour strikes, student revolts and other symptoms of unrest in response to price increases in Algeria, Ghana, Nigeria, Senegal, Sierra Leone, the Sudan, Tunisia and Zambia. 55/ Rising food prices also caused social disturbances and riots in Argentina, Brazil and Venezuela.

145. The effects of cuts in subsidies on the provision of social services are yet to be recorded in detail in developing countries. In Nigeria, consequent upon the introduction of cost recovery measures in primary education, the number of students enrolled at that level fell from 14,574,523 in 1983 to 12,914,870 in 1986. The policy was reversed effective in 1987. 56/ The number of teacher training colleges fell from 318 in 1981 to 249 in 1986. However, the number of students enrolled in universities rose from 87,066 to 135,670 during the same period.

E. The distribution of income

146. As discussed in chapter IV of the 1989 Report on the World Social Situation and noted earlier in this chapter, there was a tendency in developing countries during the 1980s for the share of non-wage incomes in the total to rise. At first sight this suggests a worsening in the distribution of income among households under the impact of structural adjustment and external indebtedness. Moreover, with the ratio of the minimum to the average wage experiencing a significant fall in most of the region, 57/ the distribution of earnings among workers may also have worsened in Latin America.

147. In sub-Saharan Africa, nominal wage restraints on the wages of relatively privileged government and formal sector workers may have improved the pattern of distribution of earnings from work and reduced the income gap between urban and

rural areas. Farmers also benefited from exchange rate devaluations and the improvement of domestic terms of trade in their favour. Policies of Governments to reduce taxes on agricultural exports, in one form or another, also helped to raise the disposable income of producers in agriculture. In all probability urban-rural income differences narrowed in sub-Saharan Africa. 58/ In Latin America, workers in manufacturing were worse hit than those in agriculture.

148. Household expenditure survey data in Chile show that during the 1980-1986 period consumption per capita of the bottom 20 per cent and intermediate 40 per cent of the population declined respectively by 30 per cent and 21 per cent, while that of the top 20 per cent increased. The rapid re-privatization of numerous enterprises in the hands of the public sector also fostered wealth concentration under conditions where local entrepreneurs bought back, in many instances at very favourable prices, enterprises which had been taken over by the State because of the failure of the previous private sector owners to repay government-guaranteed loans. 59/ However, the sustained reduction in rates of open unemployment from 20 per cent in 1982 to 11 per cent in 1987 probably raised incomes among the poor and, to that extent, reduced inequalities.

149. In Brazil income distribution seems to have been worsening already in the two decades before 1980, but estimates of absolute poverty suggest that the proportion of poor households declined from 42 to 22 per cent between 1970 and 1980. In the recession in 1981 and 1983, income distribution did not change much but poverty indicators deteriorated. 60/

150. As is well known, estimating unemployment levels in developing countries is fraught with much difficulty. Cutbacks in government employment in some countries notwithstanding, public sector employment as a whole seems to have increased in the 1980s. There is evidence that in many countries there were reductions in employment in large scale urban enterprises. It has been observed that the new employment created has been of "low productivity in the informal sector" and in "small enterprises". 61/ The jobs are likely to be both less well paid and less longlasting than in the formal sector. However, to the extent that those who became newly employed did earn some income, there was probably an improvement in income distribution.

F. The containment of adverse impact

151. The containment of the adverse social impact of structural adjustment and external indebtedness has become an integral part of policies in several countries. On the one hand, there were groups whose economic and social conditions had worsened because of a reduction in benefits which would have accrued to them in the absence of structural adjustment programmes. On the other hand, a new category of "adjustment induced poor" had come into being. 62/ These comprised groups of people who lost entitlements to income either because they lost employment (government, government enterprises, hitherto protected inefficient import competing enterprises, etc.) or because government discontinued certain transfer payments in the form of subsidies. The need to keep the domestic absorption of resources and therefore government expenditure under close control required

policies and programmes providing relief to be substantially smaller in size than earlier.

152. One set of policy responses to the problems of the "adjustment induced poor" has been to provide emergency employment schemes and opportunities for retraining and taking alternative lines of activity. In Bolivia, for example the Emergency Social Fund was established in December 1986 to provide employment opportunities. The Fund was designed to last no longer than three years, so that it would not become a permanent component of expenditure in the long term. People were employed to construct physical infrastructure such as roads and to repair and maintain public buildings such as schools and hospitals. Small loans were made to persons to initiate projects out of which they could earn a living.

153. In Ghana the Government launched the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD). 63/ The target groups of the programme were rural households, especially in the northern region, poor urban households, and retrenched workers out of productive employment. The programme includes community-initiated improvement projects, targeted transfer programmes to meet the basic needs of the hard-core poor, counselling and placement services for retrenched government workers, and sweeping educational reforms that are redirecting more resources to primary school education and reducing subsidies for higher education. The pace and progress of PAMSCAD have been slow. Although 81 districts out of 110 submitted plans for community initiatives to be funded under PAMSCAD, only 20 projects out of about 1,000 are as yet under way. A general lack of co-operation and co-ordination among donors, combined with a shortage of local qualified personnel, help explain the delay in getting this complex, wide-ranging and fragmented programme under way. As a result, the $85 million that has been pledged in international support to the programme has only begun to be disbursed. With the exception of educational restructuring, moreover, the short-term nature and relief orientation of the programme in general raise serious concerns with respect to administration, quality of projects, provisions for their longer-term maintenance, and the integration of the programme at a later stage into the country's regular general development programme. Despite these problems, however, PAMSCAD remains essential for the alleviation of adjustment-related hardships, and for making the adjustment process itself socially - and hence politically - sustainable.

154. The other set of policies was designed to reduce the adverse impact of structural adjustment on the groups that were most severely affected and, for this purpose, to target transfer payment on groups so identified. These policy imperatives heightened the need for information on the economic and social characteristics of the population such as that normally contained in household income and expenditure surveys. They also stressed the importance of a civil service that could identify the affected populations and respond to their problems with imagination and speed.

155. There have been remarkable improvements in the social situation in Chile as a direct outcome of strongly redistributive social expenditure policies addressed to the poorest and most vulnerable population groups 64/ and maintained while restricting public expenditure expansion as a whole. There were improvements in

the nutrition in children under the age of six, in infant and child mortality, and in the availability of water supply and sewer systems. Major reforms have been instituted in the areas of education, health and nutrition, low-income housing, and social security. The institutional framework, incentive structures and efficiency in providing social services to the poor have been improved. The public sector has focused more on those necessary social activities which no private sector party was willing to provide. 65/ One of the most positive of these programmes has been the programme related to mother-infant health and nutrition which, in spite of the economic deterioration of many of the families concerned, was able to increase infant survival rates and reduce the malnutrition indexes in the population under six. 66/

156. In the Philippines, 67/ one such group was identified not so much by its economic and social characteristics as by its location in Negros Occidental. This region had fallen into economic distress in 1983-1984 when sugar cultivation and manufacturing activities collapsed consequent upon the drastic fall in the price of sugar. Small plots of land were given to employees in sugar plantations for cultivation with vegetables and fruits, mainly for subsistence purposes. Opportunities were provided for unemployed persons to subcontract work from larger enterprises in nearby service centres. Both technical know-how and material resources were provided to persons to cultivate fish ponds with shrimp, for which there were good markets in urban centres. Programmes were established to vaccinate young children against common infections and to provide some 240,000 meals a day to those in need. A noteworthy feature in these activities was the prominent part played by non-governmental organizations both domestic and foreign including CARE-Philippines and the Rotary Foundation. UNICEF and the Canadian International Development Agency (CIDA) also were active partners.

157. In Mexico, 68/ when the Government in 1987 eliminated food subsidies except those on maize and sugar, they instituted a programme to provide food stamps to targeted families. The Government also expanded two programmes under which it distributed subsidized milk and supplied rural food stores. The food stores were located in remote areas not serviced by the private sector. A striking feature of the programme here is the contribution made by those who were targeted to benefit from it. The community provides the store, the manager, some labour in the warehouse and a truck driver. The Government subsidizes the cost of transport by charging the same price for the commodities it handles irrespective of the distance of the distribution point from the centre. In addition to national experiences of the kind illustrated by the above examples, reference might be made to some recent initiatives to support such programmes. UNICEF has launched an initiative called Debt Relief for Child Development: under its first project, a commercial bank donated its claims on the Sudan for use as local currency in a health, water sanitation and reforestation programme. A proposed initiative by the Inter-American Development Bank (IDB) and UNICEF intends to link buy-back operations for debt relief with programmes for human capital and social development.

158. One experience in the design of programmes to protect vulnerable groups from the impact of economic adversity has been the lack, already referred to earlier, of

adequate and timely information, statistical and otherwise, about social conditions, and the improvement of such information has come to be seen as a priority.

G. Conclusions

159. Slow growth, stagnation and declines in per capita income in developing countries, especially in Africa and Latin America, adversely affected the social situation in those countries. Conditions of living in many countries were lower in 1989 than in 1970. Apart from natural disasters, military conflicts and other calamities, structural adjustment and external indebtedness had distinct effects on the social situation. Transfers abroad to service debt directly reduced resources available for domestic use. The consequent net outflow of resources compressed import capacity, which had been lowered by adverse movements in international terms of trade. A growing proportion of government expenditure had to be pre-empted to pay interest on public debt. All these factors contributed to reduce both current levels of living and investment, reducing future living standards.

160. Controls on total government expenditure to reduce domestic absorption and the diversion of government expenditure to pay interest on public debt reduced subsidies, which was also done to bring prices closer to real costs. This sometimes required fees to be charged on services such as education and health which earlier had been provided free to the consumer. Government enterprises were sold off to reduce government subsidies and to make them function under competitive conditions. Taxes on commodities were reduced to raise the proportion of value added retained by producers. In addition, government intervention in the economy was reduced as Governments were perceived as less efficient users of resources than private sector institutions.

161. Structural adjustment also required significant changes in relative prices partly because of the reduction of subsidies and taxes mentioned earlier. The exchange value of foreign exchange, interest, wages, energy and transport were permitted to correspond more closely to market prices.

162. The combined effect of wide and pervasive changes on social conditions must have been quite substantial. There are as yet only scattered studies of the distribution of the burden of these changes. In both Africa and Latin America real wages fell. In Latin America the distribution of urban household income probably became more unequal. In Africa differences between urban and rural incomes were probably reduced. Poverty increased in both regions, a distinctly more serious problem in sub-Saharan Africa than in Latin America. The process of structural adjustment worsened the social conditions of some groups in society. Governments, non-governmental organizations both domestic and international, and intergovernmental organizations combined their efforts in some countries to present compensatory programmes. In virtually all instances, better information would have helped policy-makers to identify patterns of burden phasing and to target vulnerable groups to benefit from government and other programmes.

IV. SOCIAL PROBLEMS IN THE CONTEXT OF WORLD ECONOMIC AND SOCIAL SITUATIONS

Introduction

163. In this chapter, the conclusions of other chapters in the report are placed in the overall context of world economic and social conditions, which at the end of the decade of the 1980s differ substantially from what they were at its beginning. At the close of the decade of the 1980s, military conflicts in several parts of the world abated and the competitive build-up of armaments by the major Powers seemed to be nearing its end. The material facts of the economic and social situations and perceptions regarding the nature of policies to address economic and social problems changed substantially during the decade. Forms of government more openly accountable to the public were demanded and came into being in a number of countries. There emerged during the decade areas in which international co-operative action became both more frequent and more fruitful. These developments are likely to have a significant impact in the 1990s.

A. Economic situation

164. The economies of the countries of the Organization for Economic Co-operation and Development (OECD) in the second half of the 1980s overcame high inflation and economic stagnation and moved into modest growth with low rates of inflation and somewhat lower unemployment. In the course of the decade the United States of America, formerly the biggest net creditor country, became the biggest net debtor country. The Union of Soviet Socialist Republics and the countries of Eastern Europe, where rates of economic growth were quite modest, are involved in far-reaching political and economic reforms which will have momentous consequences for the whole world, whatever the short-term outcome.

165. Economic conditions in developing countries at the end of the decade were far more diverse than at its beginning. There was rapid and sustained growth in most of Asia during the 1980s, raising somewhat modest living conditions among roughly half the world population. However, Asia still contains the larger proportion of the world's poor. Rapid growth fashioned to raise the standard of living of the poor relative to the rest of the population and sustained well over the 1990s will be necessary to alleviate conditions of poverty in these countries. In contrast, in most of sub-Saharan Africa, living conditions declined markedly during the decade. Repeated natural disasters eliminating sources of livelihood, military conflicts draining sources from other uses and creating misery among the affected populations, flaws in economic and social policy and stagnation in aid flows all contributed to the fall in economic and social conditions. The drastic decline in primary commodity exports reduced both incomes and imports necessary to sustain production. There was no net inflow of resources from the rest of the world sufficient to compensate for these losses. Conditions of poverty reached crisis proportions. In Latin America, problems of external indebtedness reduced domestic resources available for internal uses and cut off access to external resources. Rapid inflation in several countries created severe problems of economic

management, with depressed living conditions and social tensions putting both longstanding and re-emerging democratic institutions in these societies to a severe test.

166. Projections of economic and social development during the 1990s, based on assumptions of broadly unchanged policies and parameters, hold forth little prospect of significant improvement. World economic growth during the decade is expected to be significantly below its long-term trend but higher than during the 1980s. In several developing countries in Africa, per capita income is expected to decline further. In Latin America improvements are expected to be small. The ratio of per capita income in developed countries to that in developing countries is expected to worsen to 11.5 to 1 by the year 2000. Over 1 billion people, about one fifth of the world population, are projected to receive a per capita income of $300 per year (in 1980 dollars) in 2000. In Africa and Latin America, the number of people in poverty is expected to be higher in 2000 than in 1990.

167. The potential for growth in the world economy is obviously greater than suggested in this scenario. The realization of that potential will require the revival of economies, lighter debt burdens, increased net resource flows, expanded markets for exports, and a more favourable international economic environment.

168. Domestic economic policies, policy instruments and institutions will similarly require significant changes to enable developing countries to realize that potential. There were pronounced changes during the decade in perceptions regarding policy interventions to improve economic and social conditions. There was widespread scepticism as to the effectiveness of pervasive government intervention and a renewed confidence in private initiative and enterprise in promoting growth and change. Private enterprises and non-governmental organizations received a boost of confidence. In conditions of pervasive scarcity of resources in the public sector, there was a new emphasis on the need for social development policies and measures to be well defined and sharpened in order to reach closely identified target groups. This put new burdens on institutions, including the civil service, in developing countries.

169. Strategies, policies and measures addressing social development issues in the 1990s must be viewed in the light of these new circumstances. Claims on resources for social development, including education, health, housing, community and social welfare services, will rise, not only because larger populations have to be served but also because of the increasing complexity of the problems and the severe slippage in the provision of social services during the 1980s in many developing countries. Governments will remain the principal agent of social development because market mechanisms do not resolve problems of poverty or provide earning assets to those at the lower end of the income scale. Yet the demonstrable inefficiency and ineffectivenes of government bureaucracies in the use of resources demands that bureaucracies work in association with non-governmental organizations and private sector enterprises. Much institutional innovation will be called for.

170. The need for economy and efficiency in providing social services has also highlighted the need for information on the economic and social characteristics of the population to a degree unappreciated in the previous decade. Substantial

resources will need to be allocated to generate such information for the first time in many developing countries.

B. External indebtedness and structural adjustment

171. Problems of external indebtedness and structural adjustment and their impact on social conditions in developing countries will continue to be matters of major concern well into the 1990s. Indebted countries are not the only ones who have smarted from events in the 1980s. In many of the least developed countries, too poor to attract foreign loans, the drop in commodity prices and international terms of trade made them poorer and reduced their capacity to embark on meaningful programmes of development. The drain on resources from developing countries, both on account of falling international terms of trade and external debt servicing, reduced modestly growing or stagnant resources available to developing countries to raise standards of living and to add to capital.

172. In addition, natural and man-made disasters ravaged many of the poorest countries in the world. Droughts, wars and internal armed conflicts have taken a heavy toll.

173. For obvious reasons, it is difficult to document the costs of serious breakdowns in the social fabric. Reports on infant mortality or similar statistics from countries in great turmoil and often with severe curbs on expenditure on the civil service cannot be expected to be meaningful. It is also true that in crisis conditions societies pull together and achieve a greater measure of solidarity than earlier. But there is also much evidence, from UNICEF projects in many countries, of higher infant mortality and stunted growth of children in the 1980s in a number of countries where living conditions have deteriorated.

174. It would have been surprising if the deterioration of income per capita and reduced social spending on health and education had not resulted in a serious worsening of conditions of living and health. What is more surprising is that, in spite of these extremely adverse developments in many countries, any progress at all was recorded in social conditions. In many countries, government and non-governmental organizations joined forces in innovative and novel ways to meet some of the most serious adverse impacts on the social situation. The longer-term development of these economies also depends on a stronger human resources base, to which much higher priority needs to be given.

175. Economies the world over have been adjusting to changed circumstances. Some developing countries have had to undertake measures for rapid adjustment over a short period because of heavy burdens of external indebtedness, changes in market prospects for their main export commodities, drastically altered conditions in world financial markets in the 1980s, and in order to correct distortions which had accumulated in their economies over long periods. These changes and processes of adjustment can be expected to continue well into the 1990s. These long-term adjustment and short-term stabilization programmes have put fiscal restraints on government restraining policies to reduce inequalities in the distribution of income and to ameliorate conditions of poverty. A larger volume of investment,

which is necessary to transform economies and create productive employment opportunities in the long run, competes for resources useable in providing various social services essential for human resources development and to alleviate conditions of poverty. Social services have generally been maintained at the cost of investments in infrastructures as well as factories and equipment. A major responsibility of developing countries in the 1990s will be to obtain resources to both provide adequate social services and investment and to ensure that these resources are used productively. A net international transfer of resources can be of much benefit in these processes of transformation in developing countries.

C. Population and the family

176. The world population has continued to grow, although at slowly declining rates. The highest rates of population growth will be in Africa, where economic and social conditions have proved the hardest to raise during the last two decades. In developed countries the tendency for populations to decline will continue. Demographic changes resulting from changes in fertility, mortality and the size of families, which have continued during the 1980s, will present fresh challenges to policy makers. The proportion of young people and their number in rapidly growing populations will continue to rise. The proportion of the elderly has been growing substantially in the developed countries, and similar but incipient growth is now visible in many developing countries. Each of these changes has important consequences for economic and social policy. The very high rates of population growth in sub-Saharan Africa and other low-income countries need to be brought down for several reasons. Economic growth needs to be rapid enough to provide a rise in living standards for the rapidly growing populations. More resources will be required to educate the young in order that they may become both useful members of society and efficient producers. Economies will need to be so patterned as to provide employment to the burgeoning labour force in many developing countries. The scarcity of labour in developed countries and of employment opportunities in developing countries will raise to prominence questions of labour migration among countries. The growing proportion of the aged in both developed and some developing countries will call forth substantial changes in the composition of medical services provided to the population and raise the burden of dependency in these societies. In developing countries where it has been traditional for aged parents to be looked after by children, new institutional arrangements will need to be made as these burdens become too heavy when families reduce in size. The rapid growth of urban conglomerations will require the allocation of large volumes of resources to expand infrastructure, including housing.

177. Urbanization and industrialization bring marked changes in social mores, all of which have tended to change the character of the family as a social institution. The nuclear family replaces the extended family. In developed countries single-parent families have become numerous with the increase in divorces and births out of wedlock. The rise in the number of young mothers left to fend for themselves and their children has created a major social problem. The increased flow of temporary migrant workers without their families from developing countries has contributed to changes in family structures and patterns in these countries.

178. Industrialization and modernization have in all societies produced a gap between the home and the place of work. First men and more recently women have moved into labour markets removing them from the daily household and the care of children and parents. The full consequences of these social changes cannot easily be assessed, but it seems that the transmission of values from one generation to another may be affected in many different ways by this disruption of traditional cultural patterns. Laws and regulations governing conditions of work for men have been changed in several developed countries to permit them to carry out their child-rearing responsibilities under the altered circumstances. Similar changes are likely to take place in many others. New facilities for the care of children with both parents away from home and at work are an essential part of institutional changes which will come up in the 1990s. There is no substantial agreement yet as to the best mechanisms for providing these facilities.

D. Women

179. Improvements in the economic and social conditions of women, half the world population, is a question of momentous importance. Most women in developing countries, and especially poor women in developed countries are active members of the labour force. In peasant, labouring or craft households and among the urban poor there is little choice but for women to work. In developed countries for nearly a century and in developing countries in more recent decades women have participated in organized industrial and service activities and in the learned professions. In this long-term trend to work outside the home, two major problems persist: inequality of opportunities to acquire learning and skills, and inequality of wages. There have been marked improvements in access to education during the 1980s, although the gap between the sexes is still large, especially in South Asia (excluding Sri Lanka) and Africa. In the developed countries women have continued to increase their participation in the labour force, although average remuneration for women workers remains much lower than for men. In many developing countries, relief from the burden of long hours of domestic work - fetching water, collecting firewood, minding children, cooking and cleaning - can come only in the long run with economic development and the provision of adequate facilities. Some relief is being provided with the introduction of inexpensive and fuel-efficient stoves and the installation of pumps. The education of girls will provide knowledge, skills and the know-how to better articulate the nature of solutions to long-standing problems. The slowdown in economic growth and in improvements in social conditions in many developing countries during the 1980s was a distinct set-back to women, as it was to the entire populations of these countries. Significant changes in institutions, especially property laws, enabling women to participate in economic life on an equal footing with men, must take place during the coming decade. The emergence of women in positions of political power and influence, although still rare, give promise that such changes can be effected in many societies. In some others a longer process of maturation may be necessary.

180. In the developed economies, the slow growth in the labour force and the consequent shortage of labour provides opportunities for women to seek parity of conditions in labour markets, including wages.

E. Food consumption and supply

181. Over the last few decades there have been marked improvements in food consumption in developing countries, even in the regions where hunger used to be chronic. In general at the end of the 1980s there was an increase in food supplies, food stocks were larger than in the 1970s, the infrastructure for its movement had improved considerably and there was a much better understanding of the causes of temporary famine and the nature of corrective measures.

182. Advances were most marked in Asia, and deterioration in Africa where disastrous droughts and floods, destructive locust infestations and civil strife reduced food production and access to food. Falling prices of the main export commodities and rising debt servicing charges reduced import capacity. Constraints on government spending in the course of stabilization and adjustment programmes cut down food subsidies. In some 30 countries, the price of food rose faster than the general price level. In 42 countries, mostly African, dietary energy supplies were lower in 1988 than in 1980. Some 10 per cent of the world's population in 1989 was chronically deprived of the food necessary to lead an active, healthy life. As carryover stocks at the beginning of 1989, at 17 per cent, were lower than the minimum considered desirable by the Food and Agriculture Organization of the United Nations (FAO), the world depended on a favourable 1989 harvest to maintain food security.

183. The importance of price policies for raising food output has been brought to the fore, but the need for infrastructure to widen markets and push back physical limits to production is equally powerful. In sub-Saharan Africa, the spread of the consumption of imported rice and wheat, which under present conditions cannot be efficiently produced domestically, heightened problems of food security. Research into ways to raise yields in roots, tubers and other similar food crops, which predominate in the diets of these countries, have yet to make the strides made by maize, rice and wheat. Food aid will remain a crucial means of avoiding widespread hunger, especially in emergency situations. Intakes of vitamin A, iron and iodine remain inadequate in some countries. In the developed countries, malnutrition is mostly a matter of overconsumption of fat, but inadequate nutrition among the urban poor is also a disturbing phenomenon.

184. To reduce hunger and increase food supplies remains a priority on the international agenda for the 1990s. Much importance needs to be attached to research and extension work on staple foods consumed, especially in sub-Saharan Africa. The construction of infrastructure, including rural roads, will help to reduce fluctuations in output and unevenness in the geographical distribution of output. The supply of imports, such as material, fertilizer and herbicides, credit and marketing facilities, is essential. Prices have to provide the right incentives to producers. Reforms in farm subsidy policies in OECD countries should be viewed in the perspective of providing adequate incentives to producers of developing countries. Steps have been taken in the Soviet Union and in Eastern European countries to change production relations in agriculture to harness individual initiative and enterprise.

F. Inequality and poverty

185. Inequality in all its manifestations - of wealth, income, opportunity and power - has always been one of the most contentious issues in all societies, and it remains so today, although its extent and its social acceptance vary greatly. Some forms of inequality are perceived as fair, others as grossly unfair. Where a large part of the population lives in conditions of abject poverty while others flaunt their wealth, social upheaval and revolutionary change is likely. Governments everywhere have to watch the measure of discontent. In the course of the 1980s, the deterioration of economic conditions in Africa and Latin America has probably widened the distance between the poor and the rich. While the proportion of those below the poverty line has declined in Asia, it has increased in Africa and Latin America.

186. The major concern among policy makers for a long time had been that gross inequalities in the distribution of income and wealth were a distinct barrier to economic growth and social development. The poor had little purchasing power and would not provide the market for mass-produced goods. Their insufficient nutrition, health and education prevented them from being highly productive members of the labour force. Gross inequalities tended to engender social and political unrest, interrupting economic and social progress. These concerns remain strong and valid in most societies. At the same time, there is new and growing concern that the quest for equality and the means used therefore may have sapped the energies which provide enterprise and motivation for innovation and labour. Part of the explanation for modernization policies in place in developing countries, including China and Viet Nam, and the processes of drastic economic restructuring in Eastern Europe and the Soviet Union is to be sought in the desire of these societies to give reign to individual initiative and enterprise. These institutional changes will no doubt raise new patterns of income and wealth distribution whose nature and limits need to be carefully watched in the decade to come.

187. Economic inequality among the countries of the world is a different matter and raises different political issues. It is at the very heart of the challenge of international development. In the mid-1980s, 50 per cent of the world population lived in countries receiving 4.5 per cent of world gross product. In contrast, 9 per cent of the world population received 42 per cent world income. Between 1980 and 1987, however, there was a perceptible improvement in the distribution of the world gross product among countries. The rapid growth of incomes in China, India, Pakistan, the Republic of Korea, Turkey and smaller but rapidly growing countries has brought about this change. Adverse changes in terms of trade and net factor payments amounting on the average to an annual flow of $18 billion between 1980 and 1987 from developing countries to developed countries contributed to lower incomes in other developing countries. Brazil, Mexico and Nigeria were very adversely affected.

G. New technology and its social impact

188. The processes of innovation in technology and its absorption in the economy gathered new speed during the decade of the 1980s. The microchip and the computer have been central to these advances. Science has come up with new materials, including varieties of ceramics, plastics and composite materials, which have displaced older raw materials. Scientific work in molecular and cell biology has made feasible new forms of intervention in human reproduction processes, remarkable advances in animal and crop husbandry and new ways of making pharmaceutical products.

189. Perhaps the most striking effects of these advances during the 1980s have been in increasing the speed and volume of global communications and in the storage, processing and retrieval of information. Societies, countries and financial markets have been brought closer together than ever before. Destruction caused by natural or man-made disasters are immediately placed before a world audience. Public protest against Governments are similarly viewed instantly by people the world over. Financial assets are bought and sold in a highly integrated world market, causing rapid and significant fluctuations in currency values and breaking down even temporary insulation of domestic monetary policy against influences from foreign markets. Productivity has been raised in financial services and in telecommunications.

190. There have been almost equally profound though less dramatic effects on manufacturing industry. The development and deployment of industrial robots has helped raise productivity and relieve workers of boring and repetitive tasks.

191. The development of new materials holds forth significant possibilities for saving on certain raw materials and reducing damage to the environment. The application of computers in designing products to satisfy individual requests enables a marked breach with previous processes to mass produce goods, if they were to be available at reasonable prices. The facility of using computers in designing, accounting and other services to industry and the development of clear and reliable telecommunications facilities reduce significantly the need for the assembly of large numbers of persons in a single place of work. Consequently, substantial changes in the organization of industrial activity can be expected, both in manufacturing and in services.

192. New technologies have had a marked impact on the conduct of scientific work, in education as well as in disaster prevention. The most dramatic applications in scientific research has been in the deployment of equipment to probe deep space. The ability of computers to speedily process massive volumes of data on complex phenomena has made it possible to issue timely warnings on impending disastrous changes in weather. Desk-top computers have become learning tools at virtually all levels in developed countries.

193. Obviously, the pace at which new technologies have been adopted varies among countries. The pace of advance has varied directly with the previous level of sophistication in science and technology, new investments and the supply of educated and skilled workers and innovating entrepreneurs. Some developing

countries with significant masses of scientists and engineers have been quick to adopt some of the new technology. However, their wide application in agriculture, the largest sector in most developing economies, is yet to be seen. In developing economies, where much physical infrastructure such as transport routes, reliable power supply and telephone networks has yet to be built, the application of new technology must necessarily remain very limited. Both investment in physical infrastructure and educational improvements to ensure a supply of scientists, engineers and skilled workers to absorb the new technology are necessary to facilitate the widespread use of new technologies in production processes in these countries.

H. Threats to the environment

194. As the 1980s progressed, individual countries as well as the world community recognized the need for decisive and urgent action to prevent ecological disaster and to protect the life-sustaining qualities of the Earth. There was growing evidence that patterns of production and consumption both in developed and developing countries were contributing to the degradation of the environment. Toxic waste material from both industry and agriculture poisoned the soil, the water table and the air. Soils became uncultivable, the water dangerous for human consumption and the air, apart from hurting humans, destroyed forests and ruined buildings. The safe disposal of all waste, especially nuclear waste, became a major problem. Chemicals, which many believe have contributed to the depletion of the ozone layer protecting Earth from harmful radiation, became a major threat to global life support systems. The rapid destruction of forests, especially in tropical developing countries, not only reduced the variety of fauna and flora, but also threatened stable weather patterns. The use of marginal land for grazing or cultivation contributed to the degradation of land and desertification.

195. The threats to the environment from these sources arise from excessive demands made on it by high levels of consumption, the destruction of soil and forests to eke out a living by those whose consumption levels are very low and the pressure of population on fragile eco-systems. Consequently corrective measures will necessarily call forth the commitment of will and resources as well as technological innovation. That the international community recognized the magnitude of the threat and decided to convene a United Nations conference on environment and development in 1992 is a necessary major step forward. However, the development of institutional mechanisms and policy instruments and the commitment of resources are yet to come.

196. That the unregulated behaviour of private parties, whether individual or corporate, takes little account of damage to the environment has long been well known, and has been demonstrated in recent decades beyond any doubt. That state ownership and operation of an industry is no guarantee against its degrading the environment is evident from the experience in Eastern Europe and the Soviet Union. That there is enormous resistance to altering lifestyles that contribute to the destruction of the environment is much in evidence. However, the rising awareness of the magnitude of the problem seems to be galvanizing individuals, corporations and Governments into corrective action. Ordinary citizens have banded themselves

in "Green parties" to seek measures to arrest the further degradation of the environment and to secure its improvement. Some large corporations have voluntarily and without inducement undertaken to discontinue the production of harmful substances and equipment. Governments have taken steps to purify rivers and lakes and the air in large urban conglomerations. More recently, some Governments have declared the high priority they attach to environmental concerns. There is much debate on policy instruments, including regulation, market mechanisms and public education, which might be used to meet threats against the environment. Since the threat is genuinely global, international co-operative action has much to contribute.

I. Development, security and disarmament

197. Expenditure on war and armaments amounted to about 5 per cent of total world output in the mid-1980s. In the mid-1980s, on the average, Governments in both developed and developing countries allocated 13 to 15 per cent of their total expenditure to defence. In 1984, in industrialized countries, military expenditure per capita was $550, as against public expenditure of $497 on education and $469 on health; in developing countries, per capita military expenditure was $42, which was greater than combined public expenditure on education and health ($39). The high military expenditure is the product of a competitive build-up of armaments against expected foreign aggression and internal conflicts. Internal violent conflicts have grown on account of several factors. There has been a rapid increase in instances of civil conflict on account of ethnic or religious differences between communities that form nation States. The production of and traffic in drugs has been a second major factor for the breakdown of internal security in several countries. The use of terrorism in political conflicts has been a third contributing factor. A final factor of long-term importance is the anger of some sectors in society which suffer from institutionalized deprivation.

198. The diversion of resources away from armaments requires as a pre-condition action to reduce the severity of all these factors. Successive bold steps taken by the Soviet Union and the United States to reduce the intensity of competition in accumulating nuclear, chemical and conventional weapons will markedly reduce military expenditure in these two countries and those belonging in their respective military alliances. The settlement of conflicts between and within several developing countries will reduce military expenditure in them. However, conflicts originating from ethnic and religious differences continue to flare in several countries and may grow in severity in some others. Major economic, political and social changes made to provide greater social mobility remain an important means for reducing internal conflicts and insecurity. The more frequent and fresh ways of using organs of the United Nations have proved highly fruitful in recent years. The reallocation of resources from military uses to development, a process which is neither automatic nor without difficulties, can contribute to greater harmony through faster and more egalitarian development.

J. Drug abuse, international terrorism and AIDS

199. Drug abuse and illicit trafficking, international terrorism and the spread of the acquired immunodeficiency syndrome (AIDS) surged in intensity and destructive potential to become the most pressing social problems of the 1980s. As these problems have become increasingly international in character there has been substantial international co-operation in seeking solutions to them.

200. The incidence of drug abuse increased rapidly in the 1980s, ruining the lives of individuals and families, destroying the social fabric and in some instances threatening the entire apparatus of government, and becoming a major social evil. The cultivation of and illicit trafficking in drugs is the source of livelihood for many people in source countries and of large fortunes to those organizing and financing such activities. The growth in markets for these drugs ensures those individuals large incomes. Laws prohibiting the production, distribution and consumption of drugs have given rise to highly profitable criminal activities. Substantial resources have been deployed, especially in developed countries, to combat these crimes. It has been cogently argued that if the production, marketing and consumption of drugs were legalized and regulated, the enormous profits earned by criminal elements would cease to exist, and that Governments would be able to both save resources spent on fighting crime and collect revenue from taxes imposed on drug consumption. High taxation, however, would undoubtedly encourage criminal elements to engage in illegal trafficking, and the dangers of abuse and addiction to some drugs have been considered far too serious by most Governments to contemplate legalizing their use.

201. Fundamental solutions to drug abuse lie in destroying that market. Education, rehabilitation and the punishment of consumers are measures used to reduce consumption. Disrupting traffic in drugs and the denial of illegal gains from trafficking are other important measures. Providing alternative adequate sources of income to farmers who grow the crops from which drugs are derived is no less daunting a problem. The Political Declaration and Global Programme of Action adopted by the General Assembly at its seventeenth special session in February 1990 (resolution S-17/2) embodies the growing aspiration for concerted international action to protect mankind from the scourge of drug abuse and illicit trafficking.

202. International terrorism gained significance during the 1980s for several reasons. It destroyed innocent lives and much capital equipment including infrastructure. International terrorism tended to disrupt normal political life in open societies by forcing leaders to be less accessible to the public for fear of terrorist attacks. International terrorist activities were conducted in support of other criminal activities including the manufacture and trafficking of narcotic drugs. Finally, over time, they came to acquire sophisticated armaments with increasingly destructive power. The public, Governments and the international community reacted to the threat in similar fashion. Public opinion hardened against international terrorists in reaction against the loss of innocent lives and disruption to normal economic and political life. The public derided political leaders who negotiated with terrorists. Governments in turn refused to accede to demands made by international terrorists, and trained and equipped highly effective

special military and police units to deal with terrorist threats. At the international level, several regional organizations, including the Council of Europe, the South Asian Association for Regional Co-operation, and the Soviet Union and the countries of Eastern Europe declared their commitment to combat international terrorism. The International Civil Aviation Organization and the International Maritime Organization adopted resolutions to suppress unlawful acts impeding the international movement of people and goods. The intensification and strengthening of these efforts will be necessary to keep terrorism in check.

203. The global spread of the human immunodeficiency virus (HIV) started during the 1970s, increased during the 1980s and its momentum is likely to continue in the 1990s. During the four years ending 1988, the cumulative number of AIDS cases reported increased 15 times and the disease was prevalent in 148 countries. Infection is less widespread in Asia, the Pacific Region and Eastern Europe than in most other parts of the world. It affects mostly young people 20 to 40 years of age and infants and consequently may seriously affect the supply of workers and raise infant mortality. Information on the extent of the AIDS epidemic is often considered incomplete, especially in respect of low-income developing countries, where facilities for diagnosis and recording are in any case inadequate. Since the treatment of AIDS patients is very expensive it may also draw substantially on resources in the health sector. Complex ethical and human rights issues have been raised in relation to the reaction of society to the spread of the disease. There has been anxiety and fear regarding the spread of AIDS causing discrimination against patients in work places and schools and by those providing health insurance.

204. Much scientific research effort is being devoted to understand the nature of the sickness as well as preventive and curative measures. For the time being educating people at risk in methods of avoiding contracting AIDS is the one certain preventive measure. Research is continuing on finding cheaper and more effective drugs than Zidovudine (AZT). In these efforts, co-ordinated international action such as that envisaged in the WHO Global Programme on AIDS are of significant value.

K. Migrants and refugees

205. Patterns of international migration changed substantially during the 1980s. Slow rates of economic growth in OECD countries and the slowdown in West Asian oil-exporting countries have cut down net migration to these countries. In fact, there was some net emigration from some of the developed countries. Rising labour shortages in most OECD countries in the 1990s and beyond, however, may attract significant numbers of workers, especially highly skilled workers, into these economies. Changes in policies in Eastern Europe in 1988 and in 1989 may permit substantial emigration of labour from these countries. During the 1980s there emerged some 10 to 12 million of international refugees on account of armed conflict, persecution, discrimination on ethnic or religious grounds and natural disasters. There are also large populations of refugees in their own countries, fleeing armed conflict or natural disasters in other parts of countries.

206. The major social problems with regard to migrant workers in developed countries have been those of assimilation with the local population, the admission

of the families of those who had immigrated and the civil rights of those living in host countries over long periods of time. Emigrant workers in West Asian countries are generally there for short periods and the significant social problems relate mostly to the welfare of their families in the home countries and their assimilation into their societies on return. The influx of refugees from some developing countries to others has created major problems for the latter in providing resources to meet the needs of large refugee populations. The marked drop in resource inflows from intergovernmental, non-governmental and private organizations has created serious problems for Governments burdened with these refugee problems. Displaced persons within countries have had to be looked after within the competence of each country affected.

207. The lower intensity of regional armed conflicts during the 1990s may substantially reduce the cross-border flow of refugees and ease the consequent problems somewhat. The eruption of ethnic and religious conflicts in the late 1980s, if continued into the 1990s, may pose new responsibilities and growing demands for resources. Improved climatic conditions in most parts of Africa will probably ease the problem of domestic refugees. Yet the problems of refugees and migrant workers will continue to command international attention, partly because of the more rapid growth of the labour forces in developing countries than opportunities for productive employment in them.

L. Changing perceptions regarding social development issues

208. One of the most marked changes regarding economic and social development during the decade of the 1980s is the way public policy makers, academics and commentators have come to look at the role of the government and individuals in these processes. Naturally, these ideas have grown up over a long period of time, but their impact has been felt more forcefully and pervasively during the present decade. Although some corrective reactions to excesses can be expected to come into force, the new perceptions are likely to be much in evidence in economic and social policy-making in the 1990s.

209. The new perceptions are partly a reaction to a number of changes in the economic and social situation. The growth of the state sector in virtually all economies had resulted in a transfer of resources from citizens to the Government on a scale that the public found intolerable. "Tax revolts" in a number of developed countries and the use of the "underground" economy to escape the tax net in many countries were results of that intolerance. Government regulation of industry and individual life had become so cumbersome and widespread as to stifle initiative and enterprise. The widespread deregulation of industry in developed market economy countries and the numerous reform measures in the centrally planned economies are outstanding examples of reactions to these excesses. Budget deficits, inflation and high unemployment in developed market economy countries during the greater part of the 1970s had made the public question the validity of the main features of policies that had brought about these consequences. Among developing countries, there was the markedly more rapid growth in economies where private enterprise and individual initiative had been given a greater chance. Social welfare policies which were almost universally acceptable in earlier decades

came under severe criticism. Their high costs and remote bureaucratic nature were expected to be corrected by using community and family-based programmes. Some programmes were alleged to form "welfare traps", under which individuals and families continued beyond one generation in abject dependence on grants from government for their sustenance. These programmes needed reformulation to enable the poor to wean themselves away from such dependence. In virtually all economies the Government was viewed as less efficient in resource use than private sector enterprises or individuals and in some instances proposals were made to farm out even government activities such as the maintenance of prisons to private sector agencies.

210. In the fresh enthusiasm for private sector initiative and the diminution of the role of government in economic and social life there are some excesses. Well-known market failures, especially where environmental pollution is a grave danger, will make government intervention essential. In low-income developing countries, Governments have come in to fill gaps caused by poorly developed markets and incipient institutions. These conditions have not changed markedly in many developing countries for societies to depend on market forces to break down rigidities and develop new institutions. In the most successful instances of rapid economic growth in developing territories and countries, including Hong Kong, the Republic of Korea, Singapore and Taiwan (province of China), Governments have been judicious and active partners in the process. During the 1990s in both developed and developing countries government will continue to play important roles in economic and social development, although with less abundant resources and subject to greater and more open public accountability.

M. Conclusions

211. Prospects for improvements in social conditions at the beginning of the decade of the 1990s seem, in many respects, far more propitious than at the beginning of the previous decade. Regional conflicts that caused much havoc and enormous social misery have concluded or are proceeding fast to conclusion. Dramatic new opportunities have been opened for reducing stockpiles of arms and expenditure on armaments. There is a fresh wind bringing countries together in co-operative endeavour seeking solutions to truly global problems such as posed by drug abuse, trafficking and production, threat to the environment and the AIDS epidemic. There has been sustained growth both in OECD countries and in some of the most populous developing countries.

212. The evolution of the European Economic Community into one market in 1992 presages opportunities for faster growth in these economies. Rapid changes in political and economic institutions in the Soviet Union and Eastern Europe are likely to release new energies spurred on by new incentives. The closer integration of these markets in the world economy will be a source of efficiency as well as growth. The widespread application of new technologies which came into their own in the 1980s will raise productivity, especially in developed countries.

213. In some other aspects, the legacy of the 1980s is truly dismal. Living conditions in most of Africa and Latin America declined persistently during the 1980s. Poverty on a mass scale and malnutrition remain persistent problems in

developing countries. In sub-Saharan Africa the starvation of large masses became a recurring phenomenon in the 1980s. Reversing these problems is the principal challenge of development in the 1990s, and lightening international debt burdens is a necessary condition for that process of reversal to take place. Structural adjustments in many of these economies are necessary to both solve the transfer problems and to diversify from unhealthy dependence on agricultural or mineral exports. For these processes to work it is also necessary that the economy of the United States of America cease to be the principal home to domestic savings of other countries. A more open international trading system would both enable a more rational allocation of resources to be made internationally and raise the external demand for goods and services of developing countries. The importance of domestic policies, especially investment in human resources and the nurture of effective and efficient institutions, has been demonstrated vividly in the 1980s.

214. Rates of population growth still remain very high in developing countries. Developed countries face a problem of declining populations. Very rapid urbanization in developing countries creates special problems calling for large amounts of resources. Providing employment opportunities to a rapidly growing labour force in developing countries will be a major challenge. Rising proportions of persons at higher ages will raise dependency ratios and make new demands in medical care. Violence perpetrated on one group by another because of ethnic or religious differences has become far more frequent than at any other time in recent history.

215. Social conditions are clearly heavily influenced by economic conditions. However, within fairly broad limits, government policies can so improve social conditions that populations quite poor in GDP per capita can enjoy social conditions normally found in high-income economies. The adversities brought about by debt problems and structural adjustment have provided an opportunity to prove the effectiveness of well targeted anti-poverty programmes and other measures to protect those most severely affected. It has also been shown that some social phenomena have their own pace of change and are little influenced by changes in the economy in the short term. The changes in the structure of the family or the increased participation of women in decision-making processes in a country bear more relation to previous trends and attitudinal or institutional changes than to short-term vagaries in economic conditions. Improvements in these social conditions will depend on the passage of laws, the creation of institutions and the allocation of public sector resources.

216. During the 1980s, there has been a gradual convergence of views on the role of the State. Changing attitudes towards the role of the State and towards the participation of individuals in the economy and in society have been a feature in a range of countries at various stages of development and with widely different political traditions. While the case for State provision of certain essential functions remains unquestioned, a more dynamic private initiative was increasingly seen as an important source of impulses to social and economic development. The key role of the State is increasingly perceived as that of providing the enabling environment for different groups to flourish. There also have been new approaches to the manner in which Governments provide a social security net to protect those who for no fault of their own have had to depend on others for their welfare.

217. The erosion of barriers to the movement of ideas and capital and people has been one of the most impressive developments in the 1980s. These processes accelerated with the application of new communications technology and institutional changes in economies. Wider and more frequent contacts contributed to the emergence of a strengthened perception of a shared destiny of all mankind.

218. Together with the heightened awareness of the means to meet threats to the environment, to avoid the wastefulness of building up armaments and to eliminate the destructive potential of drug abuse, the world community now must stand ready to partake in the far wider and inherently more difficult task of co-operation to improve economic and social conditions in developing countries.

Notes

1/ See Angus Maddison, The World Economy in the 20th Century, OECD, Paris, 1989, chap. 7.

2/ Development Committee of the World Bank and the International Monetary Fund, Strengthening efforts to reduce poverty, World Bank, Washington D.C. 1989.

3/ United Nations, World Economic Survery 1989 (Sales No. E.89.II.C.1), p. 232.

4/ Surendra J. Patel, "Education Miracle in the Third World 1950-1981", Economic and Political Weekly, vol. XX, No. 31, 3 August 1985, pp. 1312-1317.

5/ John Oxenham, "Improving the quality of education in developing countries" in Journal of Development Planning, No. 19, 1989 (United Nations publication, Sales No. E.89.II.A.2), p. 102.

6/ UNCTAD, The least developed countries 1988 report (United Nations publication, Sales No. E.89.II.D.3), p. 69.

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